

IRAN'S SEIZURE OF THE UNITED STATES EMBASSY

HEARINGS BEFORE THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES NINETY-SEVENTH CONGRESS FIRST SESSION

FEBRUARY 17, 19, 25, AND MARCH 11, 1981

Printed for the use of the Committee on Foreign Affairs



PURDUE U. LIBRARY
JUL 0 1981
U. S. DEPOSITORY

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1981

76-705 O

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

017-A

16131

Digitized by Google

Original from
PURDUE UNIVERSITY

COMMITTEE ON FOREIGN AFFAIRS

CLEMENT J. ZABLOCKI, Wisconsin, *Chairman*

L. H. FOUNTAIN, North Carolina
DANTE B. FASCELL, Florida
BENJAMIN S. ROSENTHAL, New York
LEE H. HAMILTON, Indiana
JONATHAN B. BINGHAM, New York
GUS YATRON, Pennsylvania
STEPHEN J. SOLARZ, New York
DON BONKER, Washington
GERRY E. STUDDS, Massachusetts
ANDY IRELAND, Florida
DAN MICA, Florida
MICHAEL D. BARNES, Maryland
HOWARD WOLPE, Michigan
GEO. W. CROCKETT, Jr., Michigan
BOB SHAMANSKY, Ohio
SAM GEJDENSON, Connecticut
MERVYN M. DYMALLY, California
DENNIS E. ECKART, Ohio
TOM LANTOS, California
DAVID R. BOWEN, Mississippi

WILLIAM S. BROOMFIELD, Michigan
EDWARD J. DERWINSKI, Illinois
PAUL FINDLEY, Illinois
LARRY WINN, Jr., Kansas
BENJAMIN A. GILMAN, New York
TENNYSON GUYER, Ohio
ROBERT J. LAGOMARSINO, California
WILLIAM F. GOODLING, Pennsylvania
JOEL PRITCHARD, Washington
MILLCENT FENWICK, New Jersey
ROBERT K. DORNAN, California
JIM LEACH, Iowa
ARLEN ERDAHL, Minnesota
TOBY ROTH, Wisconsin
OLYMPIA J. SNOWE, Maine
JOHN LEBOUTILLIER, New York

JOHN J. BRADY, Jr., *Chief of Staff*
GEORGE M. INGRAM, *Staff Consultant*
GEORGE R. BERDES, *Staff Consultant*
DIANE LYN STONER, *Senior Staff Assistant*

(II)

CONTENTS

WITNESSES

Tuesday, February 17, 1981:	
Hon. Harold H. Saunders, former Assistant Secretary of State for Near Eastern and South Asian Affairs	Page 3
Thursday, February 19, 1981:	
Hon. Edmund S. Muskie, former Secretary of State	132
Hon. Warren M. Christopher, former Deputy Secretary of State	138
Wednesday, February 25, 1981:	
Hon. Walter J. Stoessel, Deputy Secretary of State for Political Affairs.....	193
Anthony C. E. Quainton, Director, Office for Combating Terrorism, Department of State	202
Peter D. Constable, Acting Assistant Secretary, Bureau of Near Eastern and South Asian Affairs, Department of State	203
Mark B. Feldman, Acting Legal Adviser, Department of State.....	210
Wednesday, March 11, 1981:	
Bruce Laingen, former Chargé d'Affaires, U.S. Embassy in Tehran	225
John Limbert, former Political Officer, U.S. Embassy in Tehran	230
Col. Charles Scott, Chief, Military Liaison Office, U.S. Embassy in Tehran .	231

APPENDIXES

1. Declaration of the Government of the Democratic and Popular Republic of Algeria.....	263
2. Declaration of the Government of the Democratic and Popular Republic of Algeria Concerning the Settlement of Claims by the Government of the United States of America and the Government of the Islamic Republic of Iran	269
3. Followup questions submitted February 25, 1981, by Mr. Bingham to Secretary Stoessel regarding implementation of claims settlement provisions of the United States-Iranian agreements, and responses thereto	273
4. Followup questions submitted February 25, 1981, by Mr. Winn to Secretary Stoessel regarding implementation of claims settlement provisions to the United States-Iranian agreements, and responses thereto	277

(iii)

IRAN'S SEIZURE OF THE UNITED STATES EMBASSY

TUESDAY, FEBRUARY 17, 1981

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C.

The committee met at 10 a.m. in room 2172 of the Rayburn House Office Building, Hon. Clement J. Zablocki (chairman) presiding.

SCHEDULE OF COMMITTEE HEARINGS

Chairman ZABLOCKI. The committee will please come to order. The Committee on Foreign Affairs today commences its hearings on Iran's seizure of the U.S. Embassy and U.S. personnel. We are fortunate in having with us today Harold Saunders, former Assistant Secretary of State for Near Eastern and South Asian Affairs. Mr. Saunders' testimony will, among other things, help place the seizure of the Embassy in context—he will deal with U.S. policy toward Iran upon the coming to power of the revolutionary government in early 1979, the events surrounding the seizure, early U.S. concerns and efforts to negotiate the release of the U.S. personnel, and the final settlement.

On Thursday, February 19, the committee will receive testimony from former Secretary of State Edmund Muskie and former Deputy Secretary Warren Christopher.

We have requested witnesses from the Reagan administration to appear before the committee on February 25 to present its position on the agreements.

We have also scheduled a hearing for March 11 with several representatives from the hostages.

In addition to the hearings before the full committee, hearings will be held by the four subcommittees with jurisdiction over the various specific issues—the Subcommittee on International Security and Scientific Affairs, the Subcommittee on International Operations, the Subcommittee on Europe and the Middle East, and the Subcommittee on International Economic Policy and Trade. The subcommittees will be responsible for reviewing the various bills and resolutions relating to the seizure of the hostages and making any recommendations to the full committee.

PURPOSE OF THE HEARINGS

The purpose of these hearings is primarily prospective. We are particularly interested in the lessons which can be learned for

(1)

future U.S. policy—for protecting U.S. diplomats, for dealing with terrorism, and for responding and handling crises in the future.

Mr. Saunders, we are pleased to have you before the committee this morning. Before you begin your testimony, let me state that, from the review I have made so far of the agreements with Iran, you and your colleagues who negotiated the agreements have my utmost commendation, and I trust that of other members of the committee. The agreements preserved the honor of the United States and secured the safe release of the hostages—the two principal goals during this 14-month ordeal.

U.S. national interests were preserved, no ransom was paid, and most if not all U.S. economic interests were protected. In fact, at the time of the seizure, no Iranian assets in the United States were frozen and many U.S. citizens were facing potential economic losses with little prospect of being compensated. In contrast, today all U.S. personnel have been returned safely, some Iranian assets are still frozen, some U.S. economic interests have been fully paid, and the remaining claimants have the prospect of receiving recompense in the next year or so. Finally, I would like to commend my colleagues in the Congress who stood behind President Carter during this trying period.

Mr. Saunders, we may ask some tough questions today, but they will be in the context of trying better to understand what exactly occurred and what can be done to prevent such an occurrence in the future.

At this time if the gentleman from Michigan desires to make a statement I would recognize him for that purpose.

Mr. BROOMFIELD. Thank you, Mr. Chairman.

Today marks the 29th day of freedom for the former American hostages. They are home safely at last after 444 days of captivity in a country beset by revolutionary turmoil, factional politics, and war with one of its neighbors. Our Embassy personnel in Tehran were the victims of a grim and contemptible charade by the Government of Iran in open and contrived defiance of international law. Since the fall of the Shah and the takeover of our Embassy in Iran, we Americans—especially our former hostages and their families—have endured a great deal, frustrated by a U.S. rescue mission which not only failed in its purpose, but also left eight Americans dead on a remote salt plateau.

The aborted rescue mission, the fall of the Shah, the emergence of Khomeini, the provocative seizure of our Embassy, and the hostage agreement raise important questions in regard to the effectiveness of our intelligence and paramilitary operations, the soundness of our Embassy security and crisis management, as well as the administration and conduct of U.S. foreign policy—past, present, and future. Moreover, the attack upon our Embassy in Tehran underscores the danger of American Government service in a world increasingly bent upon terrorism.

With expanding U.S. strategic interests in Third World regions, a growing awareness of the interdependency of all people, and the advent of modern communication which can televise events around the world, terrorism has come of age. As a result, the United States must know how to cope with a sizable terrorist threat, and in this regard, the tragic experiences of our 53 former American hostages

contain lessons which can serve as the basis of future American efforts to conduct U.S. foreign policy, including the deterrence of terrorism.

With these hearings, it is my hope that we can learn from the tragedy in Tehran in order to better insure that we will never again tolerate tales of terrorist torture and torment to Americans abroad. Moreover, it is my hope that with these hearings, we will be able to generate ideas which can contribute to the development and implementation of international security plans to predict and prevent hostage situations, the improvement of our intelligence operations and paramilitary capabilities, and last but not least, the conduct of future U.S. foreign policy.

Chairman ZABLOCKI. Mr. Saunders, again we welcome you to the committee and invite you to present your prepared statement.

STATEMENT OF HON. HAROLD H. SAUNDERS, FORMER ASSISTANT SECRETARY OF STATE FOR NEAR EASTERN AND SOUTH ASIAN AFFAIRS

Mr. SAUNDERS. Thank you, Mr. Chairman and Mr. Broomfield, it is a pleasure to be back before this committee again. We during the last 15 months have individually and together exchanged views on a number of occasions on this difficult period that we have been through and I think we all share the deep gratification that the both of you have expressed in the fact that our 52 or 66—if you want to use the earlier number—individuals came out alive and we also of course remember the eight who gave their lives for the freedom of those hostages.

Mr. Chairman, I submitted a formal statement of my own for the record and would simply like to share with you some of the perspectives in that statement orally. I have also submitted a much more detailed review of the 14 months during which the hostages were held which former Secretary of State Muskie has asked me to provide to you as background for the hearings today and Thursday and whatever subsequent hearings the committee may hold on this subject. It is an in-depth study and I think you will find it a useful and comprehensive review of the main events.

Chairman ZABLOCKI. Without objection the prepared statement and the information provided by Secretary Muskie will be made part of the record at the appropriate point.

Mr. Saunders, you may summarize your statement if you so desire.

Mr. SAUNDERS. Thank you. My purpose here, as the chairman already indicated, is to help put the events of the past 2 years and especially the period during which the hostages were held in Tehran into a larger policy perspective.

My oral remarks here therefore will be analytical and interpretive in an effort to help each of us develop a way in which to look at and understand the events of these 2 years.

U.S. POLICY TOWARD IRAN FOLLOWING THE COMING TO POWER OF THE REVOLUTIONARY GOVERNMENT

I start with the period just a few days more than 2 years ago. The revolution culminated on the weekend of February 10 and 11, 2 years ago and the first but brief takeover of the American Em-

bassy took place 2 years ago last Saturday, February 14. It seems to me this is an appropriate point for us to start our review.

After the revolutionary government took power in Iran, a fundamental decision was made in Washington. That decision was that we would maintain a presence in Iran because of Iran's strategic importance rather than pull out altogether because of the potential dangers to our people there. At the same time we would try to lower the vulnerability of our people by reducing our presence from what had been an official presence of upwards of 1,400 American officials to something around 60. We also immediately undertook measures to strengthen the Embassy physically. This kind of decision to maintain a presence in a situation of danger is one we face frequently and wherever we face it it is an agonizing one. On balance it usually is the view that the U.S. Government as one of the major powers in the world is better off present than absent. That judgment was made in Iran. We recognized that Iran retained its strategic importance to the free world even though a change of regime had taken place. We also recognized that the weeks and months following the takeover by the revolutionary forces would be a formative period in Iran and again we would be better off present than absent.

So we proceeded to reduce our personnel sharply, to strengthen the Embassy but to try to build a continuing American presence in that strategic country.

That decision in the months between February and the following November seemed on balance to be justified. We gradually, during the spring and summer, expanded our communication with the new Iranian authorities. Some businessmen in the late spring felt they could go back and try to bring some kind of order into their projects and relationships in Iran which they had left behind quickly when evacuated at the height of the revolution.

We also during this period engaged in a substantial effort to improve the physical security at the Embassy by the introduction of all sorts of devices which would harden the Embassy with the strategy in mind of giving our people inside the Chancery a haven where they could hold out for a period of time until help from the Government might come. You will recall that in the takeover of the Embassy on February 14 almost immediately our people fell into the hands of the attacking mob. The objective of the hardening of the Embassy was to prevent that from happening and to keep people out of the hands of the mob until the Government could bring help.

The broadening of the relations between our Embassy and the Iranian authorities continued through the summer. It was in June that Bruce Laingen arrived as chargé and set about developing relations with key Iranian authorities. Secretary Vance met with the then foreign minister in early October around the U.N. General Assembly sessions in New York. Business was done in a variety of ways sorting out for instance the large military supply orders that had been left behind by the previous government. Consular business increased, especially with the beginning of the school year, and we went back into business opening a consular office or reopening a consular office there, adding a few more people to staff that office.

DECISIONS TO ADMIT THE SHAH TO THE UNITED STATES

It was in that context that the decision to admit the Shah to the United States was made in October. Again, the risk was recognized. This subject had been under continuing review since the Shah left Iran in January. It was judged after the revolutionary government took over that during the spring and summer it would be risky for him to come here and we felt that that visit should be deferred.

However, in October the news that the Shah was not only suffering the symptoms of jaundice but also the unexpected news for the first time that he had been suffering for some years from a form of cancer introduced a new human element into the deliberations.

The decision to admit the Shah reflected two sets of concerns. First there was the natural inclination of people in this country to offer haven to a leader who had built a relationship with the United States based on legitimate common interests. As President Carter described it at a news conference shortly after the takeover of the Embassy, the traditions of this country require us to show our human concern in situations of this kind and that was the strong element in the decision to have the Shah come here for medical treatment.

Of course the other side of that decision was the continuing recognition that there could well be a sharp reaction in Iran if the Shah came. Again, the decision was made that it is better to be present than absent, that a reduction of the Embassy force much below the relatively modest group then in place was not advisable and the effort was made to enhance security by gaining the assurances of the government after explaining exactly why the Shah was being admitted stating that his visit here would last through the duration of his medical treatment and was for the purpose of medical treatment, not political activity.

On three occasions Bruce Laingen received the assurances of the Foreign Minister and Prime Minister at that time that the Embassy would be protected.

REASON FOR SEIZURE OF EMBASSY AND INCARCERATION OF U.S. PERSONNEL

Looking back over the past 2 years with the benefit of hindsight it is possible to see the events of this entire period in terms of the further playing out of the Islamic Revolution. One analysis of the November 4, 1979, takeover of the Embassy which I think is becoming increasingly cogent now that we hear about some of the conversations which the hostages had with their captors, is that this group took over the Embassy for the purpose of providing a rallying point for elements in the Iranian populace behind the Islamic elements of the revolution. These elements sought to push aside the secular elements which were then in control of the Iranian Government. So the takeover of the Embassy itself appears as an event in the internal struggle within the larger framework of the Islamic or the Iranian Revolution.

Once our people were taken hostage as part of that power struggle within Iran, we see in retrospect that the resolution of the crisis came only when the institutions of the revolution had finally been put in place, not before. If you look back and recall the

intense activity of that first November you may recall that early efforts to mediate a release of the hostages foundered and we were told nothing could happen before the constitutional referendum of early December. The next milestone was the election of the President at the end of January, and then Khomeini said the hostage crisis would be resolved by the Parliament. The Parliament was not elected until late spring. It took most of the summer to form itself. A speaker was chosen and then only at the end of August was a government appointed. Shortly after the Prime Minister was appointed Ayatollah Khomeini stated the four conditions for the release of the hostages and the negotiations which ultimately led to their release began.

So it was that when the elements of the revolutionary governing structure were in place conditions were stated and negotiations began. It may be, looking to the future, that what we see in the release of the hostages and in the release of other American and foreign prisoners in Iran, is that there will be an effort now in some way to try to restore Iran's international legitimacy as part of the establishment of the legitimacy of the revolutionary government itself.

U.S. OBJECTIVES AND STRATEGY

As soon as the hostages were taken we decided that two objectives should stand before us. First the earliest possible release of the hostages and their safety while they remained captive. Second, settlement that would preserve our national honor and our interests and not encourage hostage taking in the future. We worked toward these objectives on two tracks. Once the decision was made to pursue a nonmilitary approach, some sort of rescue mission was set aside. At that time a twofold strategy developed. On the one hand an effort was made to martial a wide range of pressures on Iran from the international community. We went to the Security Council, we went to our allies, we went to the World Court eventually. We sought the alienation of Iran for what it had done and we sought international economic sanctions to increase the pressure on Iran and the cost of continuing to hold the hostages.

That effort of course continued through the 6 months after the hostage taking until international sanctions were fully in place among our allies. At the same time an effort was made to open lines of communications with all relevant authorities in Tehran in an effort to find some channel through which elements of a solution to the crisis could be discussed. The channels varied throughout the 14 months of the hostages' captivity largely depending on who was at the other end of the channel and what that individual's political fortunes might be at that moment. I looked at a list the other day which we made for staff purposes a little over 1 year ago. At that time there were 22 individuals or channels listed, some of them strictly for purposes of information, others very specifically engaged in the process of negotiation or communicating positions or mediation.

We developed the strategy of proliferating channels when we had nobody specific at the other end to talk to. When we had somebody at the other end of the line that we could exchange views with we

narrowed the channels and let the other channels become dormant. This cycle was renewed two or three times during the 14 months.

In any case with mounting pressure and developing international isolation of Iran it seemed essential to keep searching for ways for release of the hostages which would be politically manageable in Tehran and yet would protect our interests and could not be interpreted in any way as paying ransom. The specific substantive elements of our position—and I might add these are spelled out in detail in the long paper which I submitted for the record—changed very little throughout the crisis. What did change was the manner in which we presented those positions at various stages in the crisis. Our presentation of our position varied with what we felt was most politically workable in Tehran. In November and December 1979, the early stages of the crisis, we took the position that Iran should release the hostages and that we would be prepared then to discuss Iran's grievances with the United States and other issues essential to resolving the crisis between the two nations. It was during this period also that we started well down the track toward our own economic sanctions and enlisting the allies in similar actions. Then in the period from January to March we reviewed the situation in Tehran. The constitutional referendum had taken place and the election for the Presidency of Iran was then in progress and seemed to be proceeding in an orderly way. It seemed to us that there might be a quieter political situation in Tehran. It seemed to us that in that situation it might be possible for us to make an approach that would develop a dynamic political situation in Tehran that would permit the Government to decide on the release of the hostages and to defend that publicly in Iran.

EFFORTS AT NEGOTIATION

It was during this January to March period that the negotiations took place through two French-based lawyers who had worked with the Khomeini group when it was in Paris and who retained their communication with the then key authorities in Tehran, those who represented at that time the majority in the revolutionary council which was the governing body in Iran.

In these negotiations we introduced an idea that had come up during Secretary General Waldheim's visit to Iran namely the idea of United Nations commitment to hear Iran's grievances and we developed the scenario which started with agreement that the hostages would be released at the end of a sequence of also agreed events, namely the travel of the U.N. Commission to Iran and the hearing of grievances, the turnover of the custody of our hostages to our Government, returning of the U.N. Commission to New York and the release of its report when the hostages were released.

This scenario was approved by a majority of the revolutionary council but was undercut I believe because the Islamic minority in that council gained Khomeini's approval that the decision had to be unanimous. The power struggle was still being fought out and the majority decision was undercut.

In the period following the collapse of that January to March negotiation, it was felt that further measures had to be taken. The relations with Iran were broken following the collapse of our diplomatic efforts and the rescue mission was attempted. Since I was

not party to the high level discussions that preceded the rescue attempt I do not want to discuss them here in any detail.

Most of the elements of the final months of negotiations are now well known so I will not go into those in detail. You will have before you on Thursday Secretary Muskie and Secretary Christopher who I think are perhaps the best ones to pursue the negotiations of those 4 months in detail. I will be glad to answer any questions on them of course.

Let me just say a few general things in this overview. As I said, when the Parliament was formed and when the Prime Minister was appointed Khomeini was able to state four conditions for the release of the hostages. A first round of exchanges took place through the good offices of the German Government and then we settled down after the Iranians chose the Algerians as the channel to work with as mediators through the remaining months of the crisis. I have to say at this point that we feel the Algerians were a superb professional team. They would win admiration were they to sit in the government in any capital in the world. We were fortunate to have them in that role. They played their role with great discretion, objectivity, and professionalism, but we do owe a great deal to them I think for what they did.

RESULTS OF THE AGREEMENTS

Leaving aside the details of those negotiations in this overview, let me just say a few words about the net results of the agreements and I think the chairman has perhaps given the best summary in his opening remarks. We feel that those agreements benefited Americans; that some Americans with claims against Iran are in a better position today than they were 15 months ago. Certainly those banks whose loans have been completely paid off are in a better position than they were 15 months ago. I believe that there is a settlement that the United States can be proud of. Since it works I believe to our advantage we do not feel that it is an encouragement to future hostage taking

IMPORTANCE OF IMPLEMENTING THE AGREEMENTS

I am glad that the chairman mentioned the importance of going through with these agreements. It does seem to me that this is the proper course and to do otherwise would have serious international consequences if we were not to follow on out this agreement in all of its parts. First and foremost it would cast doubt on the readiness of the U.S. Government to honor its commitments—a basic principle of international conduct. Second, the United States has made some of its most important contributions to the cause of peace in recent years as a mediator itself, particularly in the Arab-Israeli conflict. I know from my involvement in those negotiations how important it is when agreements are made that they be kept. I also understand that there is a legal argument that says that agreements made under duress are void. I am not a lawyer and I do not want to be drawn into that argument. I would only say that the five Arab-Israeli agreements signed in the last 7 years were also signed under duress if one considers military occupation as a form of duress. I believe that the agreements should be judged on their

merits. They are in the interest of the United States and there are reasons for going ahead with them.

LESSONS FOR U.S. POLICY

Finally, Mr. Chairman, just a word or two about lessons to be learned from this experience since I appreciate the purpose of the committee in looking ahead. As far as the immediate security of our Embassies is concerned I believe that the State Department is on the right track. Much work needs to be done in further hardening many of our Embassies. In each country where we are guests we depend ultimately on the host government to provide security. The strategy of the Department is the one I outlined for the Embassy in Tehran, that is to provide a place within the Embassy buildings where people can find a haven until help comes. Indeed that approach saved the lives of almost all of our people in Islamabad when the Embassy there was attacked and I believe it is the right course to pursue. It is an expensive process and there is a long way to go in this.

A second lesson I personally feel that we should have learned on the diplomatic side of this experience is this: I think a lot of work can be done now with the international community to think through how the world community will respond should, heaven forbid, this experience take place again. Next time it may not be an American Embassy. Next time it may be somebody else's embassy but it will be just as much a threat to order in the world as our experience has been. It would be much better next time if we did not have to wait 6 months for full economic sanctions to be in place. It would be preferable to have understandings with the major nations of the world on the legal underpinnings in advance that would permit the imposition of sanctions almost immediately when something like this happens.

Finally, I do not venture of course to speak for the present administration on how American strategy toward this area will evolve. I believe it is fair to say however that Iran's independence remains of strategic importance to the United States. It is important to the global strategic balance in itself and its long-term role in the security and stability of the Persian Gulf area is critical.

As I stated we made a decision after the Islamic revolution to maintain a presence in Iran because Iran's independence is important to the free world. That judgment about Iran's importance is just as valid today as it was then although I could not recommend American representation in Tehran in anything like the present situation.

As I see it the American objective toward Iran over a prolonged period ahead would be to discuss in a systematic way when genuine communication with Iranian authorities becomes possible, exactly what kind of relationship Iran and the United States should have over a historic period ahead.

The two nations do share common interests, above all Iran's own independence. This dialogue may not be possible for some time and it cannot be pressed artificially but the door to dialogue should be kept open. Thank you very much, Mr. Chairman. I will be glad to take the questions of the committee.

[Mr. Saunders' prepared statement and attachment follow:]

PREPARED STATEMENT OF HON. HAROLD H. SAUNDERS, FORMER ASSISTANT
SECRETARY OF STATE FOR NEAR EASTERN AND SOUTH ASIAN AFFAIRS

PREPARED STATEMENT OF HON. HAROLD H. SAUNDERS, FORMER ASSISTANT SECRETARY
OF STATE FOR NEAR EASTERN AND SOUTH ASIAN AFFAIRS

THE IRAN HOSTAGE CRISIS IN PERSPECTIVE

I WAS ASSISTANT SECRETARY OF STATE FOR NEAR EAST AND SOUTH ASIA FROM APRIL 11, 1978 THROUGH JANUARY 16, 1981. DURING THAT PERIOD I WAS RESPONSIBLE WITHIN THE STATE DEPARTMENT, AMONG OTHER DUTIES, FOR THE FORMULATION AND EXECUTION OF POLICY IN RELATION TO THE HOSTAGE CRISIS. I SPEAK TODAY FROM THAT EXPERIENCE--INCLUDING MY PART IN THE NEGOTIATIONS THAT LED TO RELEASE OF THE HOSTAGES. I DO NOT SPEAK FOR THE PRESENT ADMINISTRATION. MY STATEMENT HAS NOT BEEN CLEARED BY THEM.

MY PURPOSE HERE IS TO PUT THE TAKING OF THE HOSTAGES AND THE EFFORTS TO FREE THEM INTO THE LARGER FRAMEWORK OF WHICH THEY WERE A PART. LATER WITNESSES WILL ANALYZE IN DETAIL THE AGREEMENTS WHICH LED TO RELEASE OF THE HOSTAGES AND THEIR IMPLICATIONS.

I. AFTER THE ISLAMIC REVOLUTION

THE ESTABLISHMENT OF THE REVOLUTIONARY GOVERNMENT IN IRAN WAS FOLLOWED ALMOST IMMEDIATELY BY THE FIRST TAKEOVER OF THE U.S. EMBASSY IN TEHRAN, BRIEFLY ON FEBRUARY 14, 1979. IN THAT SITUATION, THE REVOLUTIONARY AUTHORITIES RESPONDED PROMPTLY, INTERVENED PERSONALLY TO FREE OUR PEOPLE, AND RESTORED THE EMBASSY TO THE AMBASSADOR. THAT EXPERIENCE, HOWEVER, RAISED BASIC QUESTIONS ABOUT THE KIND OF PRESENCE THE U.S. SHOULD TRY TO MAINTAIN IN REVOLUTIONARY IRAN.

HAVING EVACUATED MOST OF THE 45,000 AMERICANS IN IRAN DURING THE HEIGHT OF THE REVOLUTION, THE U.S. IN FEBRUARY FACED A CHOICE BETWEEN PHASING OUT ITS OFFICIAL REPRESENTATION IN IRAN COMPLETELY UNTIL ORDER IN SOME MEASURE WOULD BE RESTORED AND, ALTERNATIVELY, MAINTAINING SOME OFFICIAL PRESENCE AT A SKELETON LEVEL. THIS KIND OF CHOICE HAS BEEN FACED IN OTHER TIMES IN SIMILAR SITUATIONS, AND IN THE END IT USUALLY SEEMS MORE CONSISTENT WITH AMERICAN INTERESTS TO BE PRESENT THAN TO BE ABSENT. GIVEN THE LARGE STRATEGIC INTERESTS IN THE FUTURE OF IRAN, WE FELT THAT IT WOULD SERVE AMERICAN AND FREE WORLD INTERESTS FOR THE U.S. TO MAINTAIN SOME PRESENCE ON THE GROUND THROUGH WHAT WOULD INEVITABLY BE A FORMATIVE PERIOD FOR THE NEW POLITICAL REGIME IN TEHRAN. THE IRANIAN LEADERSHIP, PERHAPS CONCERNED BY SOVIET THREAT, WANTED US TO REMAIN--

DESPITE THEIR STRONG SUSPICIONS AND HOSTILITY TOWARDS US. THUS A DECISION WAS MADE TO CUT THE SIZE OF THE EMBASSY BUT TO TRY TO MAINTAIN A PRESENCE.

THE STRATEGY PURSUED DURING THE FOLLOWING MONTHS FOR IMPROVING THE SECURITY OF OUR EMBASSY WAS TWOFOLD: FIRST, AS ALREADY MENTIONED, THE STAFF OF THE EMBASSY WAS CUT TO A MODEST LEVEL--FROM OVER 1400 OFFICIALS TO ABOUT 60. SECOND, WE PROMPTLY SET ABOUT "HARDENING" THE EMBASSY BUILDINGS WITH A NUMBER OF PROTECTIVE DEVICES THAT WOULD GIVE EMPLOYEES A SAFEHAVEN WITHIN THE BUILDING SO THAT THE GOVERNMENT WOULD HAVE TIME TO DISPERSE AN ATTACKING MOB BEFORE OUR PEOPLE WOULD FALL INTO THE MOB'S HANDS. THIS WORK WAS COMPLETED IN MID-1979 AND WAS THE REASON WHY ON NOVEMBER 4, 1979, THE EMBASSY WAS ABLE TO HOLD OUT FOR THREE HOURS AND COULD HAVE HELD OUT LONGER HAD THE PROSPECT OF GOVERNMENTAL HELP BEEN IMMINENT AND REALISTIC.

DURING THE MONTHS AFTER THAT FEBRUARY TAKEOVER, THE OBJECTIVE WAS TO TEST THE EXTENT TO WHICH IT WOULD BE POSSIBLE TO HAVE A BUSINESSLIKE RELATIONSHIP WITH THE NEW REGIME. GRADUALLY CONTACTS EXPANDED. WE PROPOSED SENDING A NEW AMBASSADOR, BUT THE IRANIANS REJECTED HIM. SOME FEW BUSINESSMEN WENT BACK TO IRAN TO TEST THE WATER FOR THEMSELVES. THERE WERE GOVERNMENTAL EXCHANGES ON SUCH ISSUES AS RATIONALIZING THE LARGE MILITARY SUPPLY RELATIONSHIP LEFT OVER FROM THE PREVIOUS REGIME. THE U.S. SENT A NEW CHARGE, AND THROUGHOUT THE SUMMER HE AND HIS COLLEAGUES IN THE EMBASSY GRADUALLY EXPANDED RELATIONSHIPS WITH THE NEW LEADERSHIP.

BY OCTOBER, THE EMBASSY HAD RESUMED CONSULAR BUSINESS IN ORDER TO DEAL WITH THE CONTINUING IRANIAN INTEREST IN SENDING STUDENTS TO AMERICAN EDUCATIONAL INSTITUTIONS AND TO ASSIST MINORITY GROUPS WHO WISHED TO LEAVE IRAN UNTIL CONDITIONS SETTLED DOWN. THE CONSULAR SECTION EXPANDED ITS SERVICES IN A NEWLY OPENED OFFICE. TALKS TOOK PLACE IN NEW YORK AROUND THE SESSION OF THE UN GENERAL ASSEMBLY BETWEEN THE SECRETARY OF STATE AND THE VISITING IRANIAN FOREIGN MINISTER AND BETWEEN THE FOREIGN MINISTER AND OTHER AMERICAN OFFICIALS AS PART OF THE CONTINUING EFFORT TO SORT OUT THE RESIDUE OF THE MILITARY SUPPLY RELATIONSHIP. IN TEHRAN, THE EMBASSY WAS IN TOUCH WITH MOST OF THE IMPORTANT SECULAR OFFICIALS IN THE NEW REVOLUTIONARY GOVERNMENT.

II. ADMISSION OF THE SHAH: COUNTERVAILING PRESSURES

WHEN THE SHAH DEPARTED IRAN ON JANUARY 16, 1979, THERE WAS A NATURAL INCLINATION IN THIS COUNTRY TO OFFER A HAVEN FOR A LEADER WHO HAD OVER THE YEARS PRESERVED A RELATIONSHIP

WITH THE U.S. BASED ON LEGITIMATE COMMON INTERESTS. IN DECEMBER AND JANUARY WE HAD TOLD THE SHAH HE WOULD BE WELCOME HERE, BUT HE HAD DECLINED THE INVITATION. IN LATE FEBRUARY THERE WERE INQUIRIES ABOUT HIS POSSIBLE TRAVEL HERE. BY THAT TIME, IT HAD BECOME CLEAR THAT THE NEW GOVERNMENT IN IRAN COULD NOT THEN PROVIDE CERTAIN SECURITY FOR OUR PEOPLE. IT BECAME APPARENT THAT PERHAPS IT WOULD BE BETTER FOR ALL CONCERNED IF THE SHAH DID NOT COME TO THE U.S. IMMEDIATELY. THIS JUDGMENT WAS REACHED RELUCTANTLY, BUT IT WAS CONVEYED TO THE SHAH. IT WAS RECOGNIZED AT ALL LEVELS OF OUR GOVERNMENT THAT THE PRESENCE OF THE SHAH IN THE U.S. AT THAT TIME IN THE EARLY STAGES OF THE REVOLUTION MIGHT ENCOURAGE UNDISCIPLINED ELEMENTS IN IRAN TO TAKE ACTIONS AGAINST AMERICANS TO GAIN THE RETURN OF THE SHAH TO IRAN.

DURING THE SUBSEQUENT MONTHS THE GOVERNMENT GAINED IN CONTROL. IN OCTOBER, THE UNEXPECTED NEWS THAT THE SHAH WAS GRAVELY ILL AND INDEED HAD FOR SOME TIME BEEN SUFFERING FROM A FORM OF CANCER INTRODUCED A NEW HUMAN ELEMENT INTO THE PICTURE AND IN THE END TIPPED THE BALANCE IN FAVOR OF EXTENDING HOSPITALITY TO HIM FOR THE SPECIFIC PURPOSE OF OFFERING THE MEDICAL TREATMENT WHICH AMERICAN MEDICAL FACILITIES WERE IN THE BEST POSITION TO PROVIDE.

ONCE THE INITIAL DECISION WAS REACHED, OUR EMBASSY IN TEHRAN WAS INSTRUCTED TO EXPLAIN THE SITUATION TO THE IRANIAN AUTHORITIES AND TO SEEK ASSURANCE THAT THE EMBASSY WOULD BE PROTECTED. THE AUTHORITIES MADE CLEAR THAT THE IRANIAN PEOPLE WOULD BE UPSET BUT ON THREE OCCASIONS PROVIDED ASSURANCE OF SECURITY. THE EXPERIENCE OF THE EMBASSY AFTER THE SHAH CAME TO THE U.S. ON OCTOBER 23 SEEMED UNTIL NOVEMBER 4 TO BEAR OUT THE JUDGMENT THAT THE GOVERNMENT WOULD BE ABLE TO PROVIDE SECURITY. IN THE LIGHT OF THESE ASSURANCES AND THE INITIAL EXPERIENCE WITH DEMONSTRATIONS AVERTED FROM THE EMBASSY, THE U.S. WAS LED NOT TO CONSIDER FURTHER REDUCING THE NUMBER OF PEOPLE IN THE EMBASSY AT THAT TIME.

III. EFFORTS TO GAIN THE HOSTAGES' RELEASE

IN RETROSPECT, IT IS IMPORTANT IN UNDERSTANDING THE UPS AND DOWNS OF OUR EFFORTS TO FREE THE HOSTAGES TO PUT THOSE EFFORTS IN THE CONTEXT OF HOW THE NEW IRANIAN POLITICAL STRUCTURE WAS DEVELOPING.

WHEN THE EMBASSY WAS TAKEN, ONE LINE OF ANALYSIS WAS THAT THE PURPOSE OF THE TAKEOVER WAS TO RALLY PUBLIC SUPPORT BEHIND THE ISLAMIC ELEMENTS OF THE REVOLUTION SO AS TO FORCE ASIDE SECULAR ELEMENTS WHO WERE THEN IN CONTROL OF THE TEMPORARY GOVERNMENTAL STRUCTURE. BOTH THE PRIME MINISTER AND THE FOREIGN MINISTER WERE FORCED FROM OFFICE SHORTLY THEREAFTER.

THE NEXT CRITICAL STEP TOOK PLACE IN EARLY NOVEMBER WHEN A REFERENDUM APPROVED THE CONSTITUTION FOR THE NEW ISLAMIC REPUBLIC. A PRESIDENT UNDER THAT CONSTITUTION WAS ELECTED AT THE END OF JANUARY, BUT THE PARLIAMENT WAS NOT ELECTED UNTIL LATE SPRING AND WAS NOT ORGANIZED UNTIL LATE SUMMER. MEANWHILE, IN LATE FEBRUARY AYATOLLAH KHOMEINI HAD SAID PUBLICLY THAT THE QUESTION OF THE HOSTAGES WOULD BE RESOLVED BY THE PARLIAMENT. WHEREAS THE SECULAR ELEMENTS HAD BEEN ABLE TO EXERCISE SUBSTANTIAL INFLUENCE ON THE TEMPORARY REVOLUTIONARY COUNCIL, THE PARLIAMENTARY ELECTIONS FORMALLY BROUGHT TO THE FORE THE RELIGIOUS ELEMENTS IN THE REVOLUTIONARY MOVEMENT, THUS BEGINNING TO RESOLVE THE POWER STRUGGLE AT LEAST TEMPORARILY IN THEIR FAVOR.

A GOVERNMENT WAS FORMED AT THE END OF AUGUST, AND SHORTLY AFTER THAT AYATOLLAH KHOMEINI FIRST STATED ON SEPTEMBER 12 FOUR CONDITIONS FOR THE RELEASE OF THE U.S. HOSTAGES. WHEN THE PARLIAMENT STATED THOSE CONDITIONS MORE FULLY AND FORMALLY ON NOVEMBER 2 IT CHARGED THE GOVERNMENT WITH CARRYING OUT THE DECISION OF THE PARLIAMENT.

IN SHORT, IT WAS NOT UNTIL THE INSTITUTIONS OF THE REVOLUTION WERE FULLY IN PLACE AND THE POWER STRUGGLE CAME TO REST AT LEAST MOMENTARILY THAT IRAN COULD ENGAGE DECISIVELY IN DISCUSSIONS OF THE HOSTAGES' RELEASE.

KEEPING IN MIND THAT LARGER POLITICAL CONTEXT, IT IS IMPORTANT TO RECALL THE ATMOSPHERE IN TEHRAN IN NOVEMBER AFTER THE EMBASSY WAS TAKEN OVER. IF IT IS TRUE THAT ONE OF THE MOTIVES BEHIND THE TAKEOVER WAS TO FORCE A SECULAR GOVERNMENT FROM OFFICE, IT IS CLEAR WHY AN UNDERSTANDING COULD NOT BE REACHED ON RELEASE OF THE HOSTAGES. ANY FOREIGN MINISTER WHO WAS ENGAGED IN AN EXCHANGE WITH THE U.S. LOST HIS JOB. GIVEN THE NEED OF THE REVOLUTIONARIES TO WHIP UP CONTINUING SUPPORT FOR THE ISLAMIC REVOLUTION, THE CONSTANT CROWDS OF THOUSANDS AROUND THE EMBASSY CREATED A SITUATION DANGEROUS TO THE SAFETY OF THE HOSTAGES AND IMPOSSIBLE TO DEAL WITH DIRECTLY IN ANY MILITARY WAY. THE FACT THAT THE POWER OF THE CONSTITUTED GOVERNMENT WAS STEADILY ERODED BY THE TAKEOVER AND AFTER MEANT THAT ANY IMMEDIATE FORM OF PRESSURE ON THE GOVERNMENT WOULD NOT NECESSARILY HAVE PRODUCED ANY DECISION RELATING TO THE HOSTAGES.

THE OBJECTIVES OF THE U.S. AS FORMULATED IN THE EARLY DAYS AFTER THE TAKEOVER REMAINED CONSTANT THROUGHOUT THE CRISIS. THOSE OBJECTIVES WERE THE SAFE RETURN OF THE HOSTAGES IN A WAY THAT WOULD PRESERVE THE NATIONAL INTERESTS AND HONOR.

ALTHOUGH I WAS NOT DIRECTLY INVOLVED IN THESE DISCUSSIONS, IT IS MY UNDERSTANDING THAT THE POSSIBILITY OF A RESCUE MISSION

IN THESE EARLY DAYS WAS EXAMINED AND WAS RULED OUT. IT WAS RECOGNIZED QUICKLY THAT THIS SITUATION WAS QUITE DIFFERENT FROM THAT AT ENTebbe AIRPORT WHERE THE ISRAELIS HAD MOUNTED THEIR SPECTACULAR RESCUE ATTEMPT. AN ISOLATED AIRPORT LOUNGE WAS FAR DIFFERENT FROM A BUILDING SURROUNDED BY RAGING MOBS IN THE CENTER OF A CITY OF SEVERAL MILLION PEOPLE.

ONCE THE DECISION WAS MADE TO PURSUE A NON-MILITARY APPROACH, AT LEAST IN THOSE EARLY DAYS, A TWOFOLD STRATEGY DEVELOPED:

- ON THE ONE HAND, AN EFFORT WAS MADE TO MARSHAL A WIDE RANGE OF PRESSURES ON IRAN FROM THE INTERNATIONAL COMMUNITY AND TO INCREASE IRAN'S ISOLATION. ECONOMIC SANCTIONS WERE STEADILY IMPOSED AND EXPANDED, AND IRAN'S ASSETS WERE FROZEN FOLLOWING IRAN'S THREAT TO WITHDRAW DEPOSITS FROM U.S. BANKS THEREBY RENEGING ON ITS DEBTS AND LAUNCHING A CAMPAIGN OF ECONOMIC WARFARE AGAINST THE U.S. OVER THE SIX ENSUING MONTHS OUR ALLIES WERE STEADILY ENLISTED IN SUPPORT OF THESE SANCTIONS, AND THE MEMBERS OF THE UNITED NATIONS EXPRESSED THEIR OPPOSITION TO IRAN'S HOLDING OF THE HOSTAGES.
- AT THE SAME TIME, AN EFFORT WAS MADE TO OPEN LINES OF COMMUNICATION WITH ALL RELEVANT AUTHORITIES IN TEHRAN IN AN EFFORT TO FIND SOME CHANNEL THROUGH WHICH ELEMENTS OF A SOLUTION TO THE CRISIS COULD BE DISCUSSED. THE CHANNELS VARIED THROUGHOUT THE 14 MONTHS OF THE HOSTAGES' CAPTIVITY AND THEIR USEFULNESS SHIFTED DEPENDING ON THE POLITICAL CONDITION OF THOSE AT THE OTHER END OF THE CHANNEL IN TEHRAN. IT SEEMED ESSENTIAL TO KEEP SEARCHING FOR WAYS FOR THE RELEASE OF THE HOSTAGES WHICH WOULD BE POLITICALLY SUPPORTABLE IN TEHRAN WHILE AT THE SAME TIME AVOIDING ANY ACT THAT COULD BE INTERPRETED AS PAYING RANSOM FOR RELEASE.

WHILE OUR OBJECTIVES REMAINED CONSTANT THROUGHOUT THE CRISIS AND THE ELEMENTS OF THE AMERICAN POSITION WERE REASONABLY WELL ESTABLISHED BY EARLY JANUARY, THE PRESENTATION OF THE U.S. POSITION EVOLVED THROUGH THREE STAGES:

- IN NOVEMBER AND DECEMBER 1979, WE TOOK THE POSITION THAT IRAN SHOULD RELEASE THE HOSTAGES AND THAT WE WOULD BE PREPARED THEN TO DISCUSS IRAN'S GRIEVANCES WITH THE U.S. AND OTHER ISSUES ESSENTIAL TO RESOLVING THE CRISIS BETWEEN THE TWO NATIONS. IT WAS DURING THIS PERIOD ALSO THAT WE STARTED WELL DOWN THE TRACK TOWARD OUR OWN ECONOMIC SANCTIONS AND ENLISTING OUR ALLIES IN SIMILAR ACTIONS.

- IN THE PERIOD FROM JANUARY TO MARCH AS THE POLITICAL ATMOSPHERE IN TEHRAN COOLED SOMEWHAT AND THE INSTITUTIONS OF GOVERNMENT BEGAN TO COME INTO BEING, WE SHIFTED OUR STRATEGY TO THE EXTENT OF EXPLORING STEPS THAT MIGHT BE TAKEN WITHOUT SACRIFICING OUR BASIC POSITION BUT WHICH MIGHT ENCOURAGE A POLITICAL TREND IN TEHRAN THAT COULD LEAD TO THE RELEASE OF THE HOSTAGES. IT WAS DURING THIS PERIOD THAT WE WORKED OUT THROUGH INTERMEDIARIES A PRE-AGREED SCENARIO WHICH INCLUDED THE FOLLOWING ELEMENTS: IT WOULD BE AGREED AT THE OUTSET THAT THE HOSTAGES WOULD BE RELEASED AT A SPECIFIED POINT IN THE UNFOLDING OF THE SCENARIO. IN THAT CONTEXT, A UN COMMISSION OF INQUIRY WOULD BE ALLOWED TO GO TO TEHRAN TO EXAMINE IRANIAN GRIEVANCES AND TO VISIT WITH THE HOSTAGES. IT WOULD THEN RETURN TO NEW YORK THE DAY AFTER THE GOVERNMENT HAD TAKEN CUSTODY OF THE HOSTAGES, AND THE RELEASE OF THE COMMISSION'S REPORT WOULD COINCIDE WITH THE RELEASE OF THE HOSTAGES. THIS SCENARIO HAD MAJORITY SUPPORT IN THE REVOLUTIONARY COUNCIL BUT FAILED WHEN MINORITY ISLAMIC ELEMENTS GAINED THE AGREEMENT OF AYATOLLAH KHOMEINI NOT TO GO FORWARD WITH THE TRANSFER OF THE HOSTAGES TO GOVERNMENT CONTROL. WE KNOW FROM THE RELEASED HOSTAGES THAT THE MILITANTS WERE THEMSELVES VERY RELUCTANTLY PLANNING ON LOSING CONTROL OF THE HOSTAGES IN MARCH. MEANWHILE, DURING THE COMMISSION'S FLIGHT TO TEHRAN THE AYATOLLAH ANNOUNCED THAT THE QUESTION OF THE HOSTAGES WOULD BE DEALT WITH BY THE PARLIAMENT.
- THE THIRD APPROACH TO NEGOTIATIONS BEGAN IN SEPTEMBER AFTER THE PARLIAMENT HAD BEEN FORMED, THE PRIME MINISTER APPOINTED, AND IRAN'S CONDITIONS FOR THE RELEASE OF THE HOSTAGES STATED BY AYATOLLAH KHOMEINI. AT THIS POINT, THE EXCHANGES FOCUSED ON THE IRANIAN POSITION AS STATED BY KHOMEINI AND THEN ON NOVEMBER 2 BY THE PARLIAMENT. THE FOCUS WAS ON FINDING A WAY TO ARRANGE THE SIMULTANEOUS UNDOING OF STEPS TAKEN BY BOTH SIDES SINCE THE PREVIOUS NOVEMBER 4--THE SAFE RELEASE OF ALL OF THE HOSTAGES AND THE UNWINDING OF THE ECONOMIC MEASURES WHICH THE U.S. HAD TAKEN TO FREEZE IRAN'S ASSETS AND SHUT OFF TRADE.

IN THE PERIOD FOLLOWING THE COLLAPSE OF THE JANUARY-MARCH NEGOTIATIONS, IT WAS FELT THAT FURTHER MEASURES HAD TO BE TAKEN. RELATIONS WITH IRAN WERE BROKEN FOLLOWING THE COLLAPSE OF THE DIPLOMATIC EFFORTS TO ACHIEVE RELEASE, AND THE RESCUE MISSION WAS ATTEMPTED. SINCE I WAS NOT A PARTY TO THE HIGH-LEVEL DISCUSSIONS THAT PRECEDED THE RESCUE ATTEMPT, I WILL NOT ATTEMPT TO DISCUSS THEM HERE.

1

IV. ASSESSMENT OF THE SETTLEMENT

A DETAILED DISCUSSION OF THE NEGOTIATIONS FROM SEPTEMBER THROUGH JANUARY 20 AND OF THE AGREEMENTS THEMSELVES WILL BE THE SUBJECT OF TESTIMONY BY OTHER WITNESSES. A FACTUAL DESCRIPTION OF THE SETTLEMENT IS APPENDED.

SUFFICE IT TO SAY IN THIS CONTEXT THAT THROUGHOUT THE 14 MONTHS OF THE HOSTAGES' CAPTIVITY, THE U.S. NEVER CONTEMPLATED PAYING RANSOM, OR PROPOSING ELEMENTS OF A SETTLEMENT THAT WOULD DISREGARD U.S. INTERESTS OR ENCOURAGE FUTURE EFFORTS TO TAKE HOSTAGES. THE EXAMINATION OF THE AGREEMENTS WHICH OTHER WITNESSES WILL GO THROUGH IN DETAIL WILL SHOW THAT, FAR FROM PRODUCING A SETTLEMENT WHICH WOULD ENCOURAGE FUTURE HOSTAGE TAKING, THE SETTLEMENT AGREED WORKS TO THE ADVANTAGE OF AMERICAN CLAIMANTS RATHER THAN TO THE ADVANTAGE OF IRAN.

THROUGHOUT THE CRISIS, WE FOLLOWED THE CLASSIC APPROACH TO SITUATIONS OF THIS KIND--OPENING THE NECESSARY LINES OF COMMUNICATION TO RESOLVE THE CRISIS PEACEFULLY WHILE NOT GIVING ANYTHING THAT WOULD ENHANCE THE POSITION OF TERRORISTS.

IN MY VIEW, SERIOUS INTERNATIONAL CONSEQUENCES WOULD FLOW FROM NOT CARRYING OUT THIS AGREEMENT IN ALL ITS PARTS.

- FIRST AND FOREMOST, IT WOULD CAST DOUBT ON THE READINESS OF THE U.S. GOVERNMENT TO HONOR ITS COMMITMENTS, A BASIC PRINCIPLE OF INTERNATIONAL CONDUCT. MORE SPECIFICALLY IN THAT CONTEXT, IT WOULD NEGATIVELY AFFECT THE WILLINGNESS OF THE INTERNATIONAL COMMUNITY TO HELP IN SIMILAR FUTURE CIRCUMSTANCES. THE GOVERNMENT OF ALGERIA SERVED WITH GREAT DEDICATION AND IN GOOD FAITH AS MEDIATOR IN RESOLVING THIS CRISIS, AND THE WILLINGNESS OF OTHER POTENTIAL MEDIATORS TO HELP WOULD BE NEGATED IF WE DID NOT LIVE UP TO OUR COMMITMENTS.
- SECOND, THE U.S. ITSELF HAS MADE A MAJOR CONTRIBUTION TO WORLD PEACE AS A MEDIATOR IN THE ARAB-ISRAELI CONFLICT. WE KNOW FROM THAT INTENSE EXPERIENCE HOW ESSENTIAL IT IS TO THE CAUSE OF PEACE IN THE WORLD THAT AGREEMENTS WORKED OUT IN SUCH CIRCUMSTANCES--LIKE THE EGYPT-ISRAEL PEACE TREATY--BE KEPT. IF FAITH IN NEGOTIATION AS A WAY OF SETTLING DISPUTES IS UNDERMINED, SECURITY AND STABILITY WOULD SUFFER A MAJOR SETBACK.
- THIRD, ANY THOUGHT OF SELECTIVE IMPLEMENTATION--GOING AHEAD WITH SOME PARTS OF THE AGREEMENT AND NOT OTHERS--WOULD OPEN THE WAY FOR THE OTHER PARTY TO

REJECT PARTS OF THE SOLUTION WHICH SERVE AMERICANS BETTER THAN IRANIANS. SINCE THE AGREEMENTS WILL SERVE THE INTERESTS OF MOST AMERICANS, THAT WOULD WORK TO OUR DISADVANTAGE.

I RECOGNIZE THAT THERE IS A TECHNICAL LEGAL ARGUMENT THAT AGREEMENTS SIGNED UNDER DURESS ARE VOID. I AM NOT A LAWYER AND DO NOT WISH TO ENGAGE IN LEGAL ARGUMENT. AS A DIPLOMAT, HOWEVER, I WANT TO STATE STRONGLY MY VIEW THAT MOST AGREEMENTS THAT END WARS OR PRODUCE PEACE ARE BETWEEN PARTIES WHO ARE NOT IN EQUALLY ADVANTAGEOUS POSITIONS. FOR INSTANCE, THE FIVE AGREEMENTS IN THE ARAB-ISRAELI AREA SIGNED IN THE PAST SEVEN YEARS HAVE BEEN CONCLUDED WHILE ONE PARTY MILITARILY OCCUPIED THE OTHER'S TERRITORY, AND YET NONE OF US WOULD WANT TO SEE CONFIDENCE IN THE ARAB-ISRAELI NEGOTIATING PROCESS UNDERCUT BY THE DECLARATION THAT THE AGREEMENTS WERE SOMEHOW REACHED UNDER DURESS AND ARE THEREFORE VOID. THE ISSUE IS WHETHER THE RESULTS OF A NEGOTIATION ARE HONORABLE, SERVE THE REASONABLE INTERESTS OF THE NEGOTIATING PARTIES, AND SERVE THE CAUSE OF PEACE. IN THE CASE OF THE AGREEMENTS ENDING THE HOSTAGE CRISIS, I BELIEVE THE ANSWER IS EMPHATICALLY THAT THEY MEET THOSE CRITERIA.

V. LESSONS TO BE LEARNED FROM THIS EXPERIENCE

ALL OF US WHO HAVE BEEN SO ABSORBED IN THIS SITUATION FOR 14 MONTHS--THOSE OF US IN WASHINGTON AS WELL AS OUR COLLEAGUES IN CAPTIVITY IN TEHRAN--WILL TAKE SOME TIME TO ABSORB FULLY THE LESSONS TO BE DRAWN FROM THIS EXPERIENCE. AT THIS EARLY STAGE, TWO POINTS COME TO MY MIND:

- AS FAR AS THE IMMEDIATE SECURITY OF OUR EMBASSIES AND PERSONNEL OVERSEAS IS CONCERNED, I BELIEVE THE STRATEGY ON WHICH THE STATE DEPARTMENT HAS EMBARKED IS THE RIGHT ONE. IT IS IMPORTANT TO DEVELOP AND PERFECT WORK LONG SINCE UNDERWAY TO ASSURE THAT EACH POTENTIALLY THREATENED EMBASSY IS EQUIPPED TO PROVIDE A HAVEN FOR OUR PEOPLE SO THAT THEY CAN SURVIVE SAFELY FOR A SUBSTANTIAL PERIOD OF TIME WITHOUT FALLING INTO THE HANDS OF A MOB IF THE EMBASSY IS ATTACKED. AT THE SAME TIME, WE HAVE TO RECOGNIZE THAT NO EMBASSY CAN HOLD OUT FOR PROLONGED PERIODS UNLESS THERE IS THE PROSPECT OF ULTIMATE PROTECTION FROM THE HOST GOVERNMENT. THAT IS A RISK WHICH IS INHERENT IN OUR PRESENCE OVERSEAS AND THERE IS NO LIKELIHOOD OF REDUCING THAT RISK BEYOND PERSISTENT EFFORTS TO ASSURE THE RESPONSIVENESS AND EFFECTIVENESS OF THE HOST GOVERNMENT TO THE EXTENT THAT THEY CAN BE ASSURED.

-- IT DOES SEEM TO ME, HOWEVER, THAT MUCH CAN BE DONE IN WORKING WITH THE INTERNATIONAL COMMUNITY TO THINK THROUGH MORE THOROUGHLY IN ADVANCE WHAT CONCERTED RESPONSE IS POSSIBLE EARLY IN A CRISIS OF THIS KIND. SHOULD SUCH A SITUATION RECUR, WE SHOULD NOT HAVE TO WAIT SIX MONTHS FOR FULL ECONOMIC SANCTIONS TO BE PUT IN PLACE BY THOSE ELEMENTS OF THE WORLD COMMUNITY WILLING TO PARTICIPATE. THE NEXT TIME THIS HAPPENS IT MAY NOT BE AN AMERICAN EMBASSY TAKEN OVER BUT THAT OF SOME OTHER COUNTRY. THE WORLD COMMUNITY OWES IT TO ORDER IN THE WORLD AND TO THE SAFETY OF INNOCENT CITIZENS AND PROFESSIONAL DIPLOMATS TO PUT ITSELF IN A POSITION TO RESPOND SHARPLY, QUICKLY, AND WITH POWER. I DO NOT SEE ANY ONE AGREEMENT THAT WOULD PRODUCE THIS. I SEE RATHER A PERSISTENT AND PERVASIVE DIPLOMATIC EFFORT TO PERSUADE KEY GOVERNMENTS IN THE WORLD TO THINK THROUGH IN ADVANCE HOW THEY WILL REACT THE NEXT TIME.

VI. U.S. INTERESTS IN THIS AREA

FINALLY, WHILE I DO NOT VENTURE TO SPEAK FOR THE PRESENT ADMINISTRATION ON HOW AMERICAN STRATEGY TOWARD THIS AREA WILL OR SHOULD EVOLVE, I BELIEVE IT IS FAIR TO SAY THAT IRAN'S INDEPENDENCE REMAINS OF STRATEGIC IMPORTANCE TO THE UNITED STATES. IT IS IMPORTANT TO THE GLOBAL STRATEGIC BALANCE IN ITSELF AND ITS LONG-TERM ROLE IN THE SECURITY AND STABILITY OF THE PERSIAN GULF AREA IS CRITICAL.

AS I HAVE STATED, WE MADE A DECISION AFTER THE ISLAMIC REVOLUTION TO MAINTAIN A PRESENCE IN IRAN BECAUSE IRAN'S INDEPENDENCE IS IMPORTANT TO THE FREE WORLD. THAT JUDGMENT ABOUT IRAN'S IMPORTANCE IS JUST AS VALID TODAY AS IT WAS THEN, ALTHOUGH I COULD NOT RECOMMEND AMERICAN REPRESENTATION IN TEHRAN FOR SOME TIME TO COME.

AS I SEE IT, THE AMERICAN OBJECTIVE TOWARD IRAN OVER A PROLONGED PERIOD AHEAD WILL BE TO DISCUSS IN A SYSTEMATIC WAY WHEN GENUINE COMMUNICATION IS POSSIBLE EXACTLY WHAT KIND OF RELATIONSHIP IRAN AND THE U.S. SHOULD HAVE OVER A HISTORIC PERIOD AHEAD. THE TWO NATIONS SHARE COMMON INTERESTS, ABOVE ALL IRAN'S OWN INDEPENDENCE. THIS DIALOGUE MAY NOT BE POSSIBLE FOR SOME TIME AND CANNOT BE PRESSED ARTIFICIALLY. THE DOOR TO DIALOGUE SHOULD BE KEPT OPEN WITH A VIEW TO THE LONGER FUTURE.

SETTLEMENT OF THE HOSTAGE CRISIS--THE ALGERIAN DECLARATIONSIntroduction

The purpose of this paper is to analyze the main elements of the five documents which make up the settlement completed in Algiers which led to the release of the hostages.

You will recall that, while efforts to negotiate a settlement had been tried since shortly after the hostages were taken, the course of negotiations which led to a settlement actually began in September after Ayatollah Khomeini first stated his conditions for their release. The main steps were the following:

-- On September 12, Khomeini stated his four conditions. Shortly after that the Iranian Parliament set up a Commission of its own members to come up with a detailed statement of Iran's position.

-- On November 2, the Parliament approved a more elaborate statement of those conditions and charged the Executive Branch of the Iranian Government with implementing the Parliament's Resolution. The Prime Minister chose to negotiate through the Algerians, and the U.S. received the Iranian position by diplomatic note from the Algerian Embassy in Washington on November 3.

-- On November 10, the first U.S. response to the Parliament's Resolution was turned over and explained in detail to an Algerian mediation team in Algiers by an American team under Deputy Secretary of State Warren Christopher. The Algerian team took that position to Tehran.

-- On November 26, the Algerian team delivered to the State Department a series of Iranian comments on the U.S. position and requests for clarification. The U.S. delivered its response in Algiers on December 2. Again, the Algerian mediation team flew with that response to Tehran and delivered it on December 4 to the Iranian Committee under the Prime Minister charged with managing Iran's end of these exchanges.

-- The Iranian response to the U.S. paper of December 4 was presented on December 19 and was discussed with the Algerian mediation team in Washington December 27-30. On December 30, the Algerian team left Washington with the revised U.S. response in hand. They delivered that response in Tehran on January 3.

-- The Iranians reacted positively to the revised U.S. position and on January 7, Deputy Secretary Christopher and his team flew to Algiers to speed up further exchanges. The overall Agreement was initialed on the morning of January 19 and agreement on final implementing arrangements was completed the morning of January 20.

-- As we all know, the 52 U.S. nationals who had been held in Tehran left Iran aboard an Algerian aircraft a few minutes after noon Washington time on January 20.

The settlement as completed in Algiers is recorded in five documents:

-- A Declaration of the Government of Algeria describing the overall Agreement.

-- A procedural document called "Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with Respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria." This describes the disposition of various Iranian assets through an Escrow Fund.

-- A second Declaration of the Algerian Government describing the claims settlement program which provides for binding arbitration backed by a security account of \$1 billion which is to be replenished so it never falls below \$500 million.

-- The Escrow Agreement which provides for the management of the Escrow Fund.

-- The Technical Agreement which describes the duties of the depositary bank.

The Problems To Be Resolved

Once negotiations had begun, the basic problem to be dealt with was how to undo steps that had been taken in November 1979 at the beginning of the crisis in a way that would:

-- achieve the earliest possible safe release of the hostages;

-- protect the interests of the United States, particularly of American citizens who had prior claims against Iran; and,

-- avoid any element of ransom for release of the hostages.

The premise underlying the U.S. negotiating position was

that Iran had paid a substantial price as a result of the economic sanctions imposed by the industrialized countries and that a reasonable approach would be to return, insofar as possible, to the financial situation which existed prior to the freezing of Iranian assets on November 14, 1979.

It was recognized that it would be impossible to return completely to the pre-November 14 situation because no one could restore 14 months to the lives of the hostages and because many of Iran's assets had been placed under some form of administrative or judicial restraint. The latter restraints had to be undone in a way that did not harm the interests of Americans.

Four Categories of Iranian Assets

In understanding the financial settlement, it is useful to think of the frozen Iranian assets in four categories:

-- First and simplest to deal with were those securities and gold bullion held in the Federal Reserve Bank of New York. These amounted to some \$2.5 billion.

-- Second were deposits in overseas branches of U.S. banks amounting, with interest, to \$5.5 billion. The handling of these deposits was complicated by the fact that, after Iran's assets were frozen, many of the banks accelerated loans owed them and took offsets against the deposits to pay off the loans. The first approach in dealing with these assets during the negotiations was to suggest that Iran bring these loans current and provide guarantees for future payment. Eventually, Iran agreed simply to pay them off completely.

-- Third are Iran's financial assets in branches of U.S. banks within the United States. These amounted to about \$2.2 billion, most of which has been the object of judicial attachments in response to suits by American claimants.

-- Finally, there are assets and properties of a modest but unknown amount in the United States which are apart from the bank deposits referred to above. Altogether, these bring the total of Iran's frozen assets to \$11-12 billion.

The Main Elements of the Solution

There were two main problems to be dealt with in unfreezing Iran's assets:

-- The first was to put in place machinery that would

allow the two sides to meet their separate obligations simultaneously with assurance that neither side would renege. The mechanism developed to deal with this problem was an escrow fund which would be disbursed in certain pre-agreed ways with the release of the hostages.

-- The second problem was to find a way to unfreeze the assets while preserving for American claimants a reasonable opportunity to pursue their claims with some assurance that an honest settlement was possible. A number of them had entered American courts and secured attachments against Iranian assets in domestic U.S. banks. It was recognized that many of these cases might not ultimately succeed because of Iran's defense of sovereign immunity, so a program of binding arbitration backed by a security account of \$1 billion was established. It was agreed that this account would never be allowed to fall below \$500 million.

The Escrow Fund was established as an account in the Bank of England in the name of the Algerian Central Bank. On the completion of the escrow arrangements, the following pre-agreed steps were taken:

1. The U.S. transferred into an account in the Central Bank some \$7.955 billion. This consisted of the assets from the Federal Reserve Bank of New York and the unfrozen assets from the overseas branches of U.S. banks.
2. The Algerian Central Bank on the morning of January 20 notified the Algerian, Iranian, and U.S. Governments that the Bank of England had received for deposit in the escrow account this pre-agreed amount. The notification was the signal to Iran to immediately bring about the safe departure of the 52 U.S. nationals detained in Iran.
3. When the hostages had left Iranian airspace the Algerian Government certified to the Algerian Central Bank that the 52 U.S. nationals had safely departed from Iran.
4. The Algerian Central Bank then issued instructions to the Bank of England to transfer all monies or other assets in escrow as described in the "Undertakings" as follows:
 - A. \$3.667 billion were transferred to the Federal Reserve Bank of New York to pay the total unpaid principal and interest through December 31, 1980 on all loans and credits made to or guaranteed by the Government of Iran by a syndicate of banking institutions of which a U.S. banking institution is a member.
 - B. \$1.418 billion were retained in the escrow account pending resolution of disputes about amounts owing in the settlement of these loans.

C. \$2.88 billion, constituting the remainder then in the escrow account, were transferred to the Bank Markazi of Iran.

5. With regard to the remaining assets in the U.S., it was agreed that claims would be submitted to binding third-party arbitration.

A. Within 30 days, an interest bearing security account is to be established.

B. Within six months all Iranian deposits and securities in U.S. banking institutions in the United States together with interest will be transferred to an escrow account. One-half of each receipt will be placed in the security account up to \$1 billion and one-half will be transferred to Iran.

C. An international arbitral tribunal is established for the purpose of deciding claims. This tribunal should be functioning in 6-9 months; an initial period will be allowed for settlement of claims.

6. With the release of the hostages, the U.S. revoked all trade sanctions and was to withdraw promptly all claims pending before the International Court of Justice. The U.S. agreed to preclude the prosecution against Iran of any pending or future claim of the U.S. or a U.S. national arising out of the events occurring before the date of the Declaration relating principally to the takeover of the Embassy.

In short, the settlement to date, in addition to producing the release of all 52 hostages, has resulted in the complete pay-off of all syndicate loans and the establishment of an escrow account with full security to cover all other U.S. loans. In addition, the settlement substitutes for the uncertain attachments on Iranian assets in U.S. banks a program of binding arbitration backed by a security account of \$1 billion, not to fall below \$500 million. Recognizing that claims by individual hostages would fall victim to the principle of sovereign immunity in U.S. courts, the outgoing President established a Commission to study compensation for the hostages with the majority membership to be appointed by the incoming President.

In addition to the complex provision relating to the unfreezing of assets and the settlement of claims, the other principal sections of the Declaration deal with the questions of non-intervention and the assets of the late Shah and his family in the United States.

Point I in the Declaration states simply: "The United States pledges that it is and from now on will be the policy of the United States not to intervene, directly or indirectly, politically or militarily, in Iran's internal affairs." The American negotiators agreed to this formulation as a reiteration of existing policy towards Iran.

Point IV in the Declaration deals with the assets of the family of the former Shah. The Iranian position, from the early days following the seizure of the Embassy, had been a demand for a return of the Shah's wealth, which Iranian officials asserted to be from \$30-50 billion. In its December 19 response to the American proposals, Iran demanded, inter alia, a \$10 billion guarantee fund to cover assets of the former Shah which Iran claimed. The Carter Administration consistently rejected the demand for outright return of such assets and the demand for the \$10 billion guarantee fund on the basis both of principle and law. The Carter Administration did indicate, however, that Iran was free to pursue its claims against assets of the former Shah in U.S. courts. In the negotiations carried on through the Algerians in the November-January period, the U.S. negotiators agreed to the following steps:

1. Upon the safe release of the hostages, the U.S. will freeze and prohibit the transfer of any of the assets of the former Shah located in the U.S., or of close relatives of the Shah served as dependents in a lawsuit brought in the United States.

2. Upon the safe release of the hostages, the United States will order all persons in the U.S. to report within 30 days all information they have on the assets of the former Shah and his close relatives as of November 3, 1979 and on the date of the order.

3. The U.S. agreed to inform U.S. courts that Iranian decrees relating to such assets should be enforced by U.S. courts in accordance with U.S. law.

4. And finally, the U.S. agreed that the U.S. would guarantee the transfer to Iran of any such property or assets found in the United States and awarded to Iran by final judgments of U.S. courts.

The U.S. Government at this time has no direct knowledge of the extent of the assets of the former Shah or his close relatives in the U.S. It has been widely speculated that whatever such assets as may have existed in the U.S. have long since been transferred elsewhere.

This completes the summary of the agreements reached for the release of the hostages.

THE HOSTAGE CRISIS IN IRAN: 1979-81I. Summary

Rarely in its history has the United States confronted a challenge as difficult, frustrating, and emotionally charged as that of freeing the hostages captured in Iran on November 4, 1979. During the long months of their captivity our extraordinary efforts to free them were joined by virtually all civilized nations and by hundreds of individuals who worked continuously, diligently, and courageously.

Throughout the ordeal that is described in this paper, certain themes are dominant:

- From the start the United States had two overriding objectives:
 - protection of the honor and vital national interests of the United States; and,
 - protection of the well-being of the hostages and their safe release at the earliest possible moment.
- The United States pursued these objectives starting from certain basic principles (e.g., no trials, no apology) and through the exercise of flexible diplomacy against a background of steadily increasing international economic pressure on and political isolation of Iran. This approach involved:

- development of an international consensus and specific measures that would isolate Iran and bring home to the Iranian people and their leaders the high cost of holding our people hostage;
 - identification of persons and groups who enjoyed influence with the Iranian leadership or could serve as a channel of communication to it in working out a peaceful solution; and
 - pursuit of all possible humanitarian channels to establish contact with the hostages, to ease their conditions of confinement, and to enable them to communicate with their families.
- From the outset, we faced the internal power struggle in Tehran, which prevented the emergence of responsible leadership that could speak consistently and authoritatively for Iran and communicate effectively with us about how the crisis might be resolved. Changing demands and the prolonged detention of the hostages were determined mainly by the political balance in Tehran. Throughout the crisis, we were advised that progress must await specific stages in development of Iran's new political institutions, first the December constitution, then the election of a president in January, finally the election and organization of the Parliament.

- As the Iranian political process moved haltingly through its various stages of development, we shifted the emphasis of our approach between measures to increase Iran's isolation and steps to open the way to an agreed resolution. Only after almost a year, when a degree of political coherence had been achieved in Tehran, could there be useful discussions about a possible agreement. These discussions covered terms the United States had been willing to accept for the release of the hostages.
- For the most part, the terms were developed from positions established during the first three months of the crisis. Most of the terms that formed the basis of the final proposals we made in November 1980-January 1981 were essentially those set forth in November and December 1979 and elaborated in January 1980, when the first systematic effort to negotiate a scenario for release of the hostages began. Where the content of a possible agreement changed, it was to deal with changing circumstances in the volatile and complex revolutionary environment in Iran.
- The crisis in U.S. relations with Iran disrupted extensive and complex financial, business, and commercial relationships between U.S. firms and individuals and their Iranian counterparts. This has resulted in significant losses and sacrifice on both sides.

- The effort to free the hostages has involved hundreds of thousands of hours by officials in the U.S. Government, including the President and his most senior advisors. There has been an equally massive devotion of energy by the families of the hostages, private American citizens, and dedicated officials and citizens of other nations.
- Rarely has an event so gripped the attention of the world in peacetime and rarely has the world been so united in its outrage at a violation of elementary principles of religion, international law, and common decency.

II. Background

American foreign policy since World War II has consistently recognized the strategic, political, and economic importance of Iran. Each American Administration has sought to develop close relations with the Iranian Government and the Iranian people to strengthen that country and to protect vital American interests in the Middle East. During the three decades after the war, the United States assisted materially in developing Iran's economic and military strength through aid programs and commercial ties. Great numbers of young Iranians were educated in the United States to return home to participate in their nation's development.

The Iranian revolution of February 1979 profoundly affected U.S. relations with Iran. The closeness of our association with

the government of the Shah produced deep suspicion and hostility among the revolutionary leadership. Iran's new leaders tended to attack all past U.S. actions, disregarding the positive contributions we had made to Iranian development. They charged that the United States had imposed on Iran since 1953 a government that was oppressive and corrupt, that consistently violated human rights, and that was insensitive to the traditional values of Iran's Islamic society.

The United States determined shortly after the success of the revolution to attempt to establish a new relationship based on the changing realities in Iran. We recognized that the unstable political and economic conditions in Iran would make it difficult for the Provisional Government of Prime Minister Barzagan to deal effectively with the United States. But the judgment was made that our substantial interests in Iran warranted maintaining a presence and attempting to build a new relationship.

Our Embassy staff in Tehran was instructed to proceed cautiously in seeking opportunities for a better relationship. The official staff was small--cut from over 1400 civilian and military personnel before the revolution to about 70 men and women in November 1979. Thirteen of the staff were Marine Guards, and many of the remainder were occupied primarily in cleaning up the residue from our relationship with the previous regime, straightening out hundreds of disrupted contracts, seeking access to U.S. facilities occupied by revolutionary groups, disposing of property, and packing and shipping household goods.

Dealing with the complex military program, which had fallen from an annual level of payments of about \$3 billion to zero, was a major issue on our agenda with the new leadership. Iranian orders for two Spruance ships, 160 F-16 and seven AWACs aircraft and other major equipment had been cancelled.

We were aware that it would not be productive to attempt to move faster in our overall relationship than the Iranians wished to move with us. In the complex and fluid revolutionary environment, we sought to be open to contacts with all Iranians. Our posture was one of readiness to respond to Iranian initiatives and openness to any signs of Iranian desire to resolve the many commercial, military, and political problems that complicated our relationship. As the Secretary of State told the Iranian Foreign Minister in New York in October 1979, the United States wanted a relationship with Iran based on "mutual respect, equality and friendship."

Security at the American Embassy was a problem throughout this period. The Embassy was attacked on February 14, 1979, after which the Iranian Deputy Prime Minister personally led a group of revolutionary guards to obtain the release of the captured Embassy personnel. Those informal guards remained as the "protection" for the Embassy premises. Our Charge d'Affaires pressed to have the informal force replaced by uniformed Iranian police more directly responsive to the central government, and this transfer was achieved in late August. Subsequently the Embassy premises were patrolled by an external force of about

15 uniformed policemen. Effective working-level contacts were established with the area police office and the area's contingent of revolutionary guards. During the spring and summer extensive physical improvements were completed in the Embassy buildings to enhance protection for our staff. Security conditions were not ideal, but were sufficiently improved by early September to permit the Embassy to resume near normal consular operations. Many Iranians, including leaders of the government and of minority groups, had been urging us to reopen our visa office on a more normal basis.

Throughout the eight months of the Provisional Government, our relations with Iranian authorities were generally characterized by tension and their great sensitivity to criticism. Some Iranian leaders asserted that criticism of them in the U.S. press was directed by the U.S. Government, and many of them appeared to believe that the United States was determined to bring down the new revolutionary government. In fact our policy was to seek where possible to strengthen the institutional structure in Iran. Thus in August, when the solvency of the Iranian Trust Fund maintained by the Department of Defense had been assured, we agreed to a limited resumption in the supply of spare parts for U.S.-origin military equipment. The spare parts, valued at \$3.2 million, that were shipped in September and October were those which had already been paid for by Iran but which had been blocked in the pipeline during the revolution. For new spare parts not previously ordered by the Iranian forces, we agreed

to the establishment of small trust funds for the Air Force and the Army. These arrangements for the purchase of additional spares were never implemented. Hundreds of military contracts were in suspense as the new Iranian leadership struggled with the complexities of the Shah's ambitious defense programs. Our Embassy faced a major task in explaining and getting Iranian decisions on dismantling these contracts.

In an effort to cooperate in restoring Iran's economic health, in the spring of 1979 we cautiously began to advise American businessmen to resume contacts with their Iranian partners in order to resolve the many complex commercial disputes. We wanted to see a resumption in the flow of spare parts and components for Iran's industrial establishment as a means of helping the Iranian labor force return to work. A restored economy could support increased political stability. From March to November 1979 Iran's oil sales to the U.S. were maintained at about pre-revolution levels.

Some limited success was achieved in the search for solutions to bilateral problems during this period, but strong suspicions and hostility persisted on the Iranian side.

III. Admission of the Shah to the United States and Seizure of the Embassy.

The Shah left Iran on January 16. Before he left, we told him that he would be welcome if he chose to come to the United States. Instead, he decided to remain first in Egypt and then in Morocco. After the revolution had succeeded, there were

approaches on behalf of the Shah regarding his possible residence in the United States. At that time, against the background of the February 14 attack on the Embassy, we were concerned about the effect of his arrival in the United States on American personnel in Iran. Word was passed to the Shah that there would be risks for our Embassy staff if he came to the United States at that time. The Shah left Morocco in March, and after a brief sojourn in the Bahamas, settled in Mexico. During the summer, there was contingency consideration of a possible later move to the United States, but the subject was set aside.

In late September and October, the Department of State was advised that the former Shah's health was deteriorating and that he would require diagnosis and treatment of a kind available only in the United States and in a few other countries that were not willing to admit him. After tentatively concluding that humanitarian considerations strongly supported admitting the Shah for this purpose, the United States instructed its Charge in Tehran to inform the Iranian Prime Minister and Foreign Minister before a final decision was made. He did so on October 21, presenting a detailed description of the Shah's medical condition and requesting adequate security protection for the Embassy. The Iranian leadership indicated that the Shah's travel to the United States would produce a sharp reaction in Iran, but they assured the Charge that protection for the Embassy would be

provided. Based on that assurance, the improved physical security of the Embassy, and the increased security precautions taken by the Embassy staff, the United States decided to admit the Shah for medical treatment. As the President said later, it would have been inconsistent with the humane tradition of the United States to deny a sick man access to vitally needed American medical treatment. The Shah arrived in New York on October 23. Iran's assurances of protection were twice reaffirmed by the Iranian leadership after our first approach. The Iranians had, during earlier attacks or threatening demonstrations, showed themselves willing and able to defend our Embassy staff and premises.

The initial public reaction in Iran to the Shah's arrival in the United States seemed controlled and moderate. Gradually, however, Iranian leaders, including the Ayatollah Khomeini, sharpened their criticism of the United States for having admitted the Shah. This criticism coincided with attacks on the Provisional Government by its internal opponents of the extreme left and right. Nevertheless, during a large demonstration against the United States in Tehran on November 1, the Embassy was adequately protected.

On November 4, at about noon, possibly 3,000 young Iranians swarmed over the Embassy walls and threatened to burn the Embassy Chancery where most of the employees had taken refuge. The Embassy staff was able to hold out against the assault for over 3 1/2 hours, while making repeated calls for assistance to the Iranian police

and political leadership. Our Charge, L. Bruce Laingen, Political Counselor Victor Tomseth, and Security Officer Michael Howland were at the moment of the attack driving from the Foreign Ministry to the Embassy. They returned to the Ministry where they sought to obtain assistance for the besieged Embassy staff. The Provisional Government was unwilling or unable to fulfill the assurances of protection it had given and had fulfilled for almost two weeks.

In Washington, Department of State officers kept open telephone lines with the Embassy staff and other Americans in Tehran during the attack. The Department was also in continuous contact with the Iranian Embassy in Washington and our embassies in third countries in efforts to lift the Embassy siege and to free our diplomats.

From the first word of the attack, the Department has maintained a Working Group on 24-hour duty monitoring all aspects of the crisis. The President, key Cabinet members, senior officials, staff members, and hostage families have since spent hundreds of thousands of hours in a continuous effort to free the hostages. The breadth and persistence of this effort may be unprecedented in peacetime diplomacy.

Taken hostage with 61 Embassy staff were two Americans who happened to be visitors at the time of the attack. Some of these Embassy personnel were trapped during the assault in the separate consular building or in other offices in the city. All of these men and women, with the exception of six persons, were captured within a few days by the militants and confined in the Embassy compound with the other hostages. The six others remained free

in Tehran, moving between various locations, until they were given protection by the Ambassador and Embassy staff of Canada.

During the first 48 hours, there appeared to be a possibility that the Iranian leadership would assert its authority and free the hostages from the control of the militants. The Foreign Minister indicated that such a move was underway in a conversation with Charge Laingen on the first day of the attack. During this period, several Ambassadors in Tehran attempted to use their personal influence to obtain the release of the hostages. State Department officers made direct telephone contacts with Iranian leaders to urge release.

By November 6, it became apparent that the Iranian authorities were unwilling to free the hostages, especially after Ayatollah Khomeini had endorsed the taking of the Embassy by the militants. Faced with Iran's refusal to meet its responsibilities, the President decided to send two special envoys to Iran to meet with Ayatollah Khomeini in order to seek release of the hostages and to work toward solutions to serious U.S.-Iranian problems. The President selected former Attorney General Ramsey Clark, who had a long and close association with many of the new Iranian leaders and who had met with Khomeini in Paris early in 1979. Mr. Clark was accompanied by William Miller, Staff Director of the Senate Committee on Intelligence, who had served in Iran as a Foreign Service Officer in the 1950's and 1960's and who also knew the Iranian revolutionary leaders. The Iranian Government

initially indicated that it would receive the Clark-Miller mission. However, as Mr. Clark was about to board a commercial flight from Istanbul to Tehran on November 7, he was informed that the Iranian Government had decided, on instruction from Ayatollah Khomeini, that he should not come to Iran and that no officials in Tehran should have discussions with American representatives. This barrier to direct communications was only rarely breached and was a serious obstacle to our diplomacy throughout the crisis.

In all of our dealings with Iran after the revolution we faced a political situation marked by sharp divisions and contests for power. The Ayatollah Khomeini was clearly the dominant figure. It was also clear that he did not wish to impose his will on the various factions until they could be brought together into a broad consensus. He saw in the establishment of the constitution and of the institutions under that constitution a framework within which decisions could be made and responsibilities shared.

Because of the internal political struggle, Iranians were terribly fearful of any direct contact with the United States. Those who had contact or received messages from the United States were often quick to announce the fact publicly and to distance themselves from the U.S. position. There were some who saw very early the desirability of resolving the hostage question, but who had only limited influence on the leadership. The United States faced a situation in which, for many months, those with

whom we dealt were themselves seeking to penetrate the political framework and convince the leadership.

The political struggle was basically, but not exclusively, between those who saw Iran's revolution in modern terms and those who saw it in more conservative Islamic terms. There were groups representing a spectrum from left to right. Within the Islamic group there were contests for power between individuals. The only element on which all agreed--or professed to agree--was a strong antipathy toward the United States because of its past association with the Shah. It was in that atmosphere that the United States was required to resolve the hostage crisis.

IV. The First Stage of Diplomatic Efforts: Setting Basic Principles (November--mid-December).

On November 6, the Bazargan Government resigned and power was assumed by the Revolutionary Council. It became evident that no political group in Iran was prepared to challenge the insistence by the militants that the Shah and his assets be returned in exchange for the hostages. The United States had explained to the Iranian authorities that, in the absence of an extradition treaty, it was impossible for the United States to consider legal proceedings to extradite the former Shah. Despite this fact, each of the contending political factions in Iran was unable or unwilling to oppose the demands of the militants. The militants consistently affirmed that they would take instructions only from the Ayatollah Khomeini directly, and he refused to issue orders to free the

hostages. Since we had no means of directly influencing either the Ayatollah or the militants, we had to concentrate on reaching persons who could influence them indirectly.

Anti-American feelings whipped up by the official media were extremely strong in Tehran in the first weeks of the crisis. Emotional rallies and demonstrations around the Embassy appeared to pose a serious risk to the safety of the hostages, and the hostile attitudes of Iranian leaders made rational consideration of U.S. overtures virtually impossible.

From the outset of the crisis, the President established two equal and overriding goals for American policy:

- protection of the honor and vital interests of the United States; and
- protection of the well-being of the hostages and their safe release at the earliest possible moment.

These objectives remained constant throughout the crisis.

In implementing them, we sought to develop three basic approaches:

- the development of an international consensus and specific measures that would isolate Iran and bring home to the Iranian people and their leaders the high cost of holding our diplomats;
- the identification of persons and groups who enjoyed special influence with the Iranian leadership; and
- the pursuit of all possible humanitarian channels to establish contact with the hostages and to ease their conditions of confinement.

In our multilateral efforts, the United States was very early in touch with the highest levels of all governments with which we have diplomatic relations. Throughout the crisis these contacts were repeated when special requirements arose. Support for our position was quick, strong, and virtually unanimous. At that stage, only the Governments of North Korea, Vietnam, and Albania supported the Iranian position. Virtually all other governments, either publicly or privately, made known their firm opposition to the Iranian violation of international law and religious norms of conduct. Some governments sent private messages to the Iranian leadership. Some instructed their Ambassadors in Tehran to work for the hostages' release. Others who were not represented in Tehran instructed their UN Ambassadors to contact the Iranian representatives. Iran's isolation on the hostage issue was tangible evidence of the damage being done to Iran and its revolution.

These approaches were of special value to the United States when it was unable to have effective exchanges itself with Iran's leaders. During those early days, although Department of State officers spoke daily with members of the Revolutionary Council and the militants, there were no productive conversations.

We were also in close touch immediately after the Embassy seizure with Secretary General Waldheim to explore through his offices possible means of ending the crisis. The President of the Security Council, after consultations with the Council membership, issued on November 9 a statement expressing the

Council's profound concern over the detention of American diplomats and urging that they be released without delay and given protection.

The President met with members of hostage families on November 9 and later they joined him in issuing an appeal to all Americans to exercise restraint toward Iran and Iranians and to do nothing that would endanger the hostages. The judgment was made that every effort would be made to free the hostages through diplomatic means to avoid endangering their lives.

On November 12, then Acting Foreign Minister Bani-Sadr stipulated three Iranian demands for release of the hostages:

- admit that the property of the Shah was stolen;
- cease interference in Iranian affairs; and
- extradite the Shah to Iran for a "fair trial."

Subsequently, Bani-Sadr was to modify these demands to:

- return of the Shah's assets;
- an end to interference in Iran's affairs; and
- an apology for past U.S. "crimes" against Iran.

The United States responded by making clear on repeated occasions that its courts were open to Iran to pursue the Shah's wealth; that we would not intervene internally in Iran; but that we would not make an apology for so-called "crimes." There was, of course, no assurance that meeting the Iranian demands would result in release of the hostages.

By November 17, the United States worked out with Secretary General Waldheim four points that he conveyed to the Iranian

authorities that day. These points made clear our desire to end the crisis on a fair basis:

1. We required release of all personnel held in Tehran.
2. We suggested the establishment of an international commission to inquire into allegations of violations of human rights in Iran under the previous regime.
3. We indicated that the courts of the United States would be available to the Government of Iran to hear its claims for return of the assets it believed had been illegally taken out of Iran.
4. We proposed an affirmation by the Government of Iran and the United States of their intention to abide strictly by the Declaration on Principles of International Law Concerning Friendly Relations and Cooperation Among States in Accordance with the Charter of the United Nations, and by the provisions of the Vienna Convention on Diplomatic Relations.

During this early period and later, the United States was in touch with a wide range of individuals, both American and foreign, believed to have useful connections in Tehran. These included Islamic religious leaders, American and foreign clerics, journalists, international human rights advocates, businessmen, academic leaders, and jurists. Throughout the crisis, many people volunteered their services as intermediaries, but only some had useful ties with key Iranians. At any particular moment after the first weeks of the crisis we were normally in touch with at least 15 channels to the Iranian leadership. The reports and

views of these contacts were regularly considered in reaching our own decisions.

On November 17, Ayatollah Khomeini directed the militants to release the women and Black hostages who were not considered "spies." Thirteen hostages were released and flown to Germany for medical examination prior to their return home. Unfortunately, this potentially positive development was counterbalanced by statements by Iranian officials threatening that the remaining hostages would be placed on trial for espionage and subversion. The United States made clear in public and private communications with the Iranian authorities that a trial or any other steps that could endanger the well-being of the hostages would be viewed by the United States with utmost gravity and could cause severe consequences for Iran. In late November, the President met with his advisors at Camp David to consider the threat of a hostage trial. He authorized a very blunt, private warning to the Iranians against pursuing that course. Subsequently, the President told the first meeting of hostage families on December 7 that Iran had been warned that the United States would interrupt its commerce if Iran took steps to try any of the hostages. In the weeks that followed, talk of a trial began to subside in Iran.

For several weeks after the hostages were taken, the United States had only a very limited idea of their conditions of confinement and the character of their captors. We knew from a visit to the hostages on November 10 by the Papal Nuncio, the Ambassadors of Sweden, Algeria, and Syria, and the Charge of France that the

hostages were bound and not allowed to speak. Even more graphic descriptions of harsh confinement were given by the released 13 hostages. The captors had made threats to kill the hostages and we did not know whether those threats would be carried out. We did not know, in fact, whether all the hostages were alive. In an effort to pressure the Iranians to improve the conditions of the hostages, we informed all governments of the cruel conditions of detention. The international criticism that followed led, we believe, to improved conditions starting in December.

After the Embassy seizure, several international agencies with which we were in touch immediately attempted to provide humanitarian assistance. On November 11, the Pope made a personal appeal to Ayatollah Khomeini, and was rebuffed. The International Red Cross sought but was denied its usual role of providing humanitarian services to prisoners. During this period we had daily telephone contact with the captors in the compound, in which they agreed to take down short messages from the hostage families and to relay them to the individual hostages. We learned from the 13 who were released that none of these messages was delivered. The Iranians never gave a complete and accurate accounting for the hostages, and throughout the crisis mail delivery to and from the hostages was irregular and severely restricted. When clergymen were allowed to conduct services for the hostages at Christmas, there were seven hostages whom they did not see.

As the international consensus against Iran grew stronger and the level of frustration in this country and abroad increased,

it became important to convey tangible signals of the seriousness of the crisis to Iran. To assure that Iran could not use the "oil weapon" against us, on November 12 the President ordered the cessation of all U.S. oil purchases from Iran. The Iranian Government then stated that Iranian deposits would be immediately withdrawn from U.S. financial institutions. In order to prevent economic disruption and to protect legitimate claimants, the President directed on November 14 that all Iranian assets, including deposits in U.S. banks and their foreign branches and subsidiaries, be frozen. The President's order was based on his finding that the "situation in Iran" was a threat to the United States. It was clear that the freeze could be lifted once the hostages were released in the context of arrangements that would prevent economic disruption and protect American interests.

Iran, also on November 14, closed its airspace to U.S. aircraft. (Pan American, the only U.S. line serving Iran, had suspended flights at the outset of the crisis.) During this initial period also, the shipment of all military equipment to Iran was halted and virtually all U.S. trade with Iran ceased. Other nations were not prepared at that time to take the significant step of invoking economic sanctions against Iran.

By mid-November basic U.S. principles for ending the crisis had been established and the Iranians were aware of them. However, the absence of any centralized authority in Tehran apparently made the Iranians incapable of considering and acting on those principles.

As the crisis continued into late November, the United States recognized that no decisive Iranian action was likely until after the completion of the principal religious ceremonies of Moharram on November 29 and 30, and the national referendum for a new constitution on December 2. It appeared possible that an opportunity for obtaining release of the hostages might open just after those events. When there was no indication in early December of Iranian movement toward a settlement, the UN Security Council on December 4 unanimously adopted Resolution 457, calling on Iran to release the hostages immediately, to provide them protection, and to allow them to leave the country, and further calling on Iran and the United States to resolve peacefully the remaining issues between them and requesting the Secretary General to lend his good offices. The United States accepted the resolution, but Iran flatly rejected it.

On November 29, the United States applied to the International Court of Justice for a ruling that Iran's seizure and holding of the hostages violated international law and that they should be immediately released. The Court heard the case on December 10 and issued an interim order on December 15 that Iran should immediately release all the hostages, afford them full protection, and restore to the United States its diplomatic premises in Iran. The order was issued unanimously by the Court's 15 judges, whose nationalities include all of the major regions of the world. Iran rejected the order and refused to comply with its terms.

The situation around the Embassy in Iran remained volatile and dangerous, with frequent anti-American demonstrations.

Other Embassies considered themselves threatened, and the British Embassy was briefly occupied in early November. Similar anti-American outbursts occurred that month in Pakistan and Libya, where mobs attacked American Embassies. During the attack in Pakistan four U.S. Government employees were killed.

On December 15, the Shah left the United States for Panama, thus removing the ostensible cause for the occupation of the Embassy. However, there was no change in the Iranian refusal to release the hostages. Thus, at mid-December the United States had enunciated basic principles for a settlement, but there was no movement by Iran to resolve the crisis, and there appeared to be little prospect for an early solution.

V. The Second Stage: Moving Toward Sanctions (Mid-December-mid-January).

The United States sought to apply additional pressure in order to persuade the Iranians that it did not serve their interests to continue to hold the hostages. The President directed on December 12 that the Iranian diplomatic and consular staffs in the United States be cut to a total of 35 persons. Iran was not directed to close its Embassy and consulates entirely because the United States wished to keep open a possible channel to Tehran and also to allow necessary consular services to be performed for the thousands of Iranians living in this country.

On December 24, our Ambassador to the UN wrote to the President of the UN Security Council, noting the earlier actions

of the Council and the World Court and asking the Council to meet at an early date to consider measures designed to induce Iran to comply with its international obligations. The Secretary of State had visited European capitals earlier in December to underline for our allies the gravity of the situation and to build support for the U.S. position.

On December 31, the Security Council adopted a second Resolution, number 461. Adopted by a vote of 11-0 with four abstentions, that Resolution reaffirmed Resolution 457 and decided that the Council would meet on January 7, 1980, to review the situation and to adopt effective measures under Articles 39 and 41 (sanctions) of the Charter in the event of continued Iranian noncompliance with the earlier resolution. The Soviet Union abstained on Resolution 461, moving away from its prior support of the U.S. position as a result of new tensions between it and the United States arising out of the Soviet invasion of Afghanistan on December 27. The Soviets continued on rare occasions to state their formal opposition to the holding of hostages, but Soviet propaganda shifted to attempts to exacerbate tensions between the United States and Iran and to portray the United States as the offending party in the crisis. Even before the invasion of Afghanistan, the Soviet desire to maintain a good relationship with Iran had caused the Eastern Bloc countries to refuse to participate in any combined initiatives of the diplomatic corps in Tehran.

Following the second UN resolution, Secretary General Waldheim visited Tehran in an effort to persuade the Iranian authorities to move toward a settlement. Prior to his departure, the United States gave him on December 31 a five-point statement of the U.S. position--again emphasizing our readiness to reach a reasonable and peaceful solution to the issue. The five points were:

1. That all U.S. personnel must be released from Iran prior to the institution of any international tribunal.
2. That the United States was prepared to work out in advance a firm understanding on arrangements for the airing of Iranian grievances before an appropriate forum after the hostages had been released.
3. That the United States would not object to any Iranian suits in U.S. courts to recover assets allegedly taken illegally from Iran by the former Shah.
4. That the United States would affirm jointly with Iran its intention to abide by the Declaration on Principles of International Law Concerning Friendly Relations and Cooperation Among States in Accordance with the Charter of the United Nations, and by the provisions of the Vienna Convention on Diplomatic Relations. The United States stated that it accepted the present government of Iran as the legitimate authority in Iran and reaffirmed the view that the people of Iran had the right to determine their own form of government.

5. That the United States was willing, once the hostages were safely released, to seek in accordance with the UN Charter a resolution of all issues between the United States and Iran.

When he arrived in Tehran, the Secretary General encountered large and hostile demonstrations against the UN and the United States. Although he met with Iranian leaders on several occasions, he was not able to persuade them to change their positions. On January 7, the Secretary General reported to the Security Council that the Iranians were not yet ready to release the hostages but that a commission on international inquiry to hear Iran's grievances might help to defuse the situation. On January 11, as the Security Council was preparing to vote on a resolution on economic sanctions, Iran asked that consideration be given to the establishment of a commission of inquiry that could help improve the atmosphere for resolution of the crisis. The United States agreed to defer the Security Council vote until January 13 to give the Secretary General time to explore the Iranian position. When it became clear that the Iranian proposal was not directly linked to release of the hostages, the Security Council moved to consider a sanctions resolution. The resolution imposing sanctions on Iran gained 10 votes but was vetoed by the USSR.

The United States indicated that it wished nonetheless to proceed with sanctions and urged its allies to do the same. Members of the European Community and Japan responded that the imposition of sanctions without a UN resolution would be legally

difficult for them. Our allies asked the United States to delay imposition of sanctions until after the election of an Iranian President on January 29 and possible consideration of the hostage crisis by the Islamic Conference at the end of the month. As these developments seemed to hold some hope for movement on the crisis, the United States agreed to defer action on sanctions.

After Secretary General Waldheim had returned from Tehran and met with the President, it seemed that a more complete statement of the U.S. position might help to convince the Iranians that we were willing to agree to a mutually honorable end to the crisis. The pressures applied to Iran and the indications of probable further measures appeared to be having some effect. The Soviet invasion of Afghanistan and the resulting threat to Iran gave the Iranians an additional reason to seek a way out of the crisis. Several intermediaries suggested U.S. positions that might create greater flexibility in Tehran. The President reviewed the existing situation and these proposals with his advisors and decided to refine the earlier U.S. position. The President approved the following six-point statement:

1. The safe and immediate departure from Iran of all U.S. employees of the Embassy in Tehran and other Americans held hostage is essential to a resolution of other issues.

2. The United States understands and sympathizes with the grievances felt by many Iranian citizens concerning the practices of the former regime. The United States is prepared to work out in advance firm understandings on a forum in which those grievances

may subsequently be aired, so that the hostages could be released with confidence that those grievances will be heard in an appropriate forum after the release has taken place. The United States will not concur in any hearing that involves the hostages. The United States is prepared to cooperate in seeking through the auspices of the UN to establish such a forum or commission to hear Iran's grievances and to produce a report on them. The U.S. Government will cooperate with such a group in accordance with its laws, international law, and the Charter of the UN.

3. The U.S. Government will facilitate any legal action brought by the Government of Iran in courts of the United States to account for assets within the custody or control of the former Shah that may be judged to belong to the national treasury of Iran by advising the courts, and other interested parties, that the U.S. Government recognizes the right of the Government of Iran to bring such claims before the courts and to request the courts' assistance in obtaining information about such assets from financial institutions and other parties.

4. Once the hostages are safely released, the United States is prepared to lift the freeze of Iranian assets and to facilitate normal commercial relations between the two countries, on the understanding that Iran will meet its financial obligations to U.S. nationals and that the arrangements to be worked out will protect the legitimate interests of U.S. banks and other claimants. The United States is prepared to appoint members of a working group to reach agreement on those arrangements.

5. The United States is prepared to appoint a representative to discuss with Iranian representatives the current threat posed by the Soviet invasion of Afghanistan and to recommend to their governments steps that the United States and Iran might take in order to enhance the security of Iran, including the resumption of the supply of military spare parts by the United States to Iran.

6. The U.S. Administration is prepared to make a statement at an appropriate moment that it understands the grievances felt by the people of Iran, and that it respects the integrity of Iran, and the right of the people of Iran to choose their own form of government. The U.S. Government recognizes the Government of the Islamic Republic of Iran as the legal government of Iran. The United States reaffirms that the people of Iran have the right to determine their own form of government.

The text of these points was given to the Secretary General and to other intermediaries, who transmitted them to Iranian leaders. The proposals made in November and December 1980 and January 1981 did not deviate substantially from these positions. But in January 1980 they drew no response from Tehran. There appeared to be no one in Iran at that time capable of responding meaningfully to the U.S. position.

On January 29, the six American who had been hiding with the Canadians departed Iran through the Tehran airport using assumed identities. Canada then closed its Embassy and withdrew all personnel. The presence of "the six" in Iran had been known to several journalists for some weeks, but for-

tunately they accepted the importance of keeping the information confidential. The return home of the six Americans on January 31 was greeted with an outpouring of American joy and gratitude for the courageous assistance of the Canadian Ambassador and his staff. Iranians reacted sharply, complaining of a "violation of international law"; in retaliation the Foreign Ministry severely limited our contacts with Bruce Laingen and his colleagues held in the Foreign Ministry.

VI. The Third Stage: Development of a Written Scenario for Release (January-April).

About one week after the Soviet veto of the sanctions resolution, the United States finally was contacted by two intermediaries who enjoyed special ties of confidence with persons in the Iranian leadership. A series of meetings, some 100 hours of discussion in all, were held in London, Washington, Paris, and Switzerland to design a written scenario that would secure the safe release of the hostages and at the same time assure that Iran received an appropriate international hearing for its asserted grievances. The President closely monitored and approved each of the steps taken in formulating and implementing the scenario.

The scenario was developed over several weeks in January and February, and we were assured that it had been fully discussed in the Revolutionary Council and accepted by all significant elements of the Iranian leadership. It involved the UN's dispatch of a five-man fact-finding commission to Iran to hear Iran's grievances and allow an early solution to the crisis. The scenario was laid out in a series of steps--

each agreed to by the United States and Iran--that would permit each side to assure itself of the performance of the other as the scenario moved toward its final steps. The United States briefed UN authorities on the scenario, and they agreed to join in its implementation.

A five-man UN Commission was selected under the co-chairmanship of Andres Aguilar of Venezuela and Mohammed Bedjaoui of Algeria, and including Adib Daoudi of Syria, Harry W. Jayewardene of Sri Lanka, and Louis Edmond Petitti of France. They arrived in Tehran on February 23. On the same day, Ayatollah Khomeini announced that the fate of the hostages should be decided by the Iranian Parliament, which was to be elected in March. His announcement, which was not part of the agreed scenario, was the first indication that he had not fully approved the plan. Nevertheless, the Commission members began their work on the review of Iran's grievances, receiving documents and hearing testimony assembled by the Iranian authorities. The scenario called for the Commission to visit each of the hostages and for the hostages subsequently to be transferred to the authority of the Iranian Government. Again, the Ayatollah departed from the agreed scenario. Even after the militants had grudgingly announced their willingness to yield control of the hostages to the Revolutionary Council and the Council had issued a statement accepting the offer, the Ayatollah on March 10 called on the militants to prevent the Commission from seeing the hostages until after it had completed its report and made it public, and after the

Iranian people had approved the Commission's findings. These were, of course, impossible conditions for the Commission.

As the Commission was unable to complete its agreed mandate by seeing the hostages and obtaining their transfer, it departed from Tehran on March 11, promising to return and to finish its report when conditions were more appropriate for it to perform its full mandate. During the weeks that followed, it was unclear whether or how the Commission might resume its work and reactivate the scenario.

Meanwhile, in Panama, the Shah, who was scheduled for surgery for the removal of his spleen, was becoming increasingly uneasy. Panama had given Iran's lawyers until late March to make the case for extradition of the Shah to Iran. The Shah, advised by his doctors that he needed urgent medical treatment, and displeased with a dispute between doctors in Panama, decided to reject the urging of the United States that he remain in Panama and instead accepted the longstanding offer of President Sadat to settle in Egypt. He departed for Egypt on March 23, where a few days later he underwent surgery. The decision to go to Egypt was the Shah's own choice in consultation with his physicians.

The atmosphere in Tehran was further confused at this time by the publication in the Iranian press of a false letter allegedly from President Carter to Ayatollah Khomeini. President Bani-Sadr revealed to the Iranian public the content of two authentic letters delivered by the Swiss from the United States, urging that the Iranian Government take custody of the hostages from the militants as a step toward their final release. On March 31, we received

word that the Revolutionary Council was again attempting to deal with the hostage question.

On April 1, we learned that President Bani-Sadr had announced that the hostages would be transferred to government control if the United States would recognize the role of the Iranian Parliament in the hostage crisis and refrain from propaganda, provocation, or claims against Iran. Swiss Ambassador Probst telephoned the White House to deliver the news early in the morning of April 1. President Carter went on television a short time later to welcome the announcement and to say that we would again delay the imposition of sanctions in light of this possibly positive development. Assurances along the lines of those sought by Bani-Sadr were passed to him and accepted as satisfactory. President Carter knew that there were no binding guarantees, but he sought to make sure that the Iranians understood that we wanted our people protected and released under peaceful and honorable conditions. Once the hostages were transferred to Iranian Government control, we believed, a new dynamic would be introduced which could expedite their release. A few days later, however, a minority of the faction-ridden Revolutionary Council undercut Bani-Sadr and prevented the transfer of the hostages.

During this period, the United States had established constant and effective communications through intermediaries with responsible Iranian officials and reached agreement with them on a basis for ending the crisis. But it had been unable to reach the other, more powerful political group, the religious leadership, which

had blocked the agreed solution. The divisions within Iran continued to frustrate a resolution of the problem.

VII. The Fourth Stage: Maximum Pressure and the Rescue Mission (April--May).

It became plain in early April that the internal power struggle in Iran was preventing an early end to the crisis. The United States had made concerted efforts to resolve the matter through negotiations, which had failed because of the absence of centralized authority within Iran. A contest for control of the new Parliament stalled any constructive steps by the Iranian leadership to resolve the problem. With political divisiveness growing within Iran, it was the judgment of the Administration that precise and very firm action had to be taken to end the crisis before the hostages were further endangered.

Accordingly, on April 7 the President announced a series of actions against Iran which the United States had considered in the past but withheld in the interest of obtaining a negotiated release of the hostages. First, the United States broke diplomatic relations with Iran and declared all Iranian diplomatic and consular personnel and military trainees persona non grata, obliging them to leave the United States.

Second, the United States put into effect official economic sanctions in accordance with the provisions of the resolution vetoed in the UN Security Council on January 13. This provided

a legal barrier to the shipment of U.S. goods--with the exception of food and medicine--to Iran. Trade between the United States and Iran had already come to a virtual halt because of political uncertainties, the pressure of public opinion, and the freezing of Iran's assets.

Third, the United States ordered a formal inventory of the assets of the Iranian Government frozen by the November order and of all claims against Iran, with the purpose of designing a possible program for handling the claims.

Fourth, all visas held by Iranian citizens were invalidated. The President directed that no new visas would be issued except for compelling and proven humanitarian reasons or where the U.S. national interest required. The United States earlier had directed that all Iranian applications for new visas be subjected to a special security check to prevent potential terrorists from reaching the United States.

On April 17, as a further indication of U.S. determination to demonstrate to Iran the cost of holding hostages, the President announced additional measures against Iran:

-- All financial transfers to Iran were prohibited, with the exception of those licensed by Treasury or those related to gathering news.

-- All imports from Iran to the United States were banned.

-- American citizens were prohibited from traveling to Iran, with the exception of journalists and persons expressly authorized by the Secretaries of State and Treasury.

-- All military equipment previously purchased by Iran and impounded in the United States was to be made available for purchase by U.S. military forces or sale to other countries. Phoenix missiles and other items were purchased by the U.S. services with payment made to the Iran Trust Fund held by the Department of Defense.

In addition, the President mentioned other steps that might be taken--including legislation for processing of claims against Iran, prohibition of shipments of food and medicine, and interruption of Iran's access to international communications--if progress were not made toward release of the hostages.

During these weeks, the President and his advisors were also considering the feasibility of a rescue mission. The possibility of mounting a rescue mission had been explored from the outset of the crisis, and planning and practice for a rescue attempt were placed in motion early in November 1979. The planners faced a difficult set of circumstances, including the rapidly changing Iranian political scene, uncertainty about the captors' intentions and their capabilities, the hostility of Iranians toward the United States, and the harsh environment and distances to be covered.

By the end of November, planning and operations had progressed to the point that mission commanders had developed confidence in their ability to proceed with the rescue. The commanders recognized that substantial additional practice was needed, and they conducted training missions in the western United States throughout December. By January, helicopters and other equipment had been transferred

to ships in the area and final landing sites selected. In early February the mission commanders concluded they had the capability to mount a successful rescue. There was a delay of several weeks, however, because diplomatic activity still held a serious prospect for obtaining the release of the hostages.

By April, when that diplomatic activity seemed blocked, the commanders of the joint task force recommended April 24 as the day for the rescue. The President personally approved the plan on April 11.

The mission began with 8 helicopters flying toward the staging point in the eastern desert. Two helicopters were lost en route. The failure of the third helicopter at the staging point necessitated a decision to terminate the mission. In the attempt eight airmen lost their lives and five others were seriously injured.

The rescue mission was planned as a precise action in Tehran to pick up the hostages, both in the Embassy compound and in the Foreign Ministry, and to remove them safely from Iran. No attack on the Iranian Government or on units not involved in holding the hostages was planned. However, the Iranian Government reaction to the mission was to describe it as an effort to overthrow the revolutionary regime.

Diplomatic discussions concerning the release of the hostages were naturally stalled in the immediate aftermath of the abortive rescue mission. Tehran was again agitated by anti-U.S. demonstrations. Considerable effort was required to secure the return of the bodies of the eight deceased servicemen to their families

in the United States. Archbishop Hillarion Capucci, who had travelled to Iran in February to visit some of the hostages in the compound and again at Easter with American clergy, was helpful in arranging for the release of the bodies.

The reaction of the militants to the rescue mission was to threaten the lives of the hostages, to transfer them to separate locations in Iran, and to interrupt the very limited movement of mail to the families. Previously, there had been some slight improvement in contacts with the hostages. There were TV films of the religious services at Easter, and on April 14, for the first time, all of the hostages were visited by the Red Cross and allowed to send brief messages to their families. After April, no outsiders were permitted to visit the hostages until Christmas.

From the beginning of the crisis, volunteers, including hostage family members, worked with the Iran Working Group to maintain contacts with the widely scattered families of the hostages and to keep them informed of developments to the maximum extent possible. In April, the family members formed the Family Liaison Action Group (FLAG), which as its first act sent a delegation on April 22 to Europe to seek the support of European leaders for freeing the hostages. Later, FLAG sent appeals to the Islamic Conference. FLAG met regularly with the President and the Secretary of State and helped to organize meetings of hostage families throughout the United States. These efforts successfully emphasized the humanitarian interest in release of the hostages and provided important moral support to the deeply

concerned families around the country. Without question, the steadfast performance of these troubled families during months of intense emotional strain was magnificent. These families were true heroes of the efforts to free the hostages.

On May 24, 1980, the International Court of Justice ruled conclusively in the United States' favor in its case against Iran. The Court issued a final judgment unanimously confirming that Iran's takeover of the Embassy and continued holding of hostages were inadmissible in a civilized international order and could not be justified by past or current grievances, real or imagined. The Court noted that the holding of the hostages "is unique and of particular gravity." It also unanimously decided that no hostage could be placed on trial or required to be a witness.

By a majority of 12-3, the Court decided that Iran had an obligation to make reparation to the United States for the injuries suffered as a result of the hostage seizure. The United States immediately called on the Iranians to comply with the Court's judgment and redoubled its efforts in the UN to ensure that all nations recognized the justice of its efforts to free the hostages.

Meanwhile, during April the United States had been in touch with the countries of the European Community and Japan about their imposition of sanctions on Iran. Their sanctions were agreed to on May 17, and went into effect shortly thereafter. The measures varied in details between countries, but their general effect was to make it increasingly difficult for Iran to purchase needed supplies from abroad. In addition, Iran's demand for higher oil

prices led its Japanese and Western European customers to cease purchases of Iranian oil. This reduction in oil sales and available income dealt a significant blow to the Iranian economy.

The freeze of Iranian assets continued during this period, as it did throughout the crisis. In implementing the freeze, Treasury sought to maximize its impact on Iran by limiting exceptions to hardship, health, and hunger situations. At the same time, attempts were made to minimize harm to U.S. commercial interests. Thus, for example, licenses were issued allowing payments of up to \$500,000 out of blocked funds to small U.S. entities whose existence might otherwise have been threatened and to authorize Iran to bring previously unblocked money into the United States to pay obligations to United States persons and entities. In order to avoid hardships and the development of new irritants that could adversely affect the hostage issue, Treasury also allowed Iran to bring in new money to provide for the support of Iranian students here. The overall impact of the freeze, however, was severely to curtail economic contact between Iran and the United States. This caused significant problems for banks and businesses that had previously been active in Iran.

In the first month of the freeze, regulations were adopted permitting the filing of litigation against Iran; and over 200 lawsuits were filed here and abroad. These suits generally asserted monetary claims against Iran or its entities and sought to attach various assets. The regulations allowed the lawsuits, but prohibited the entry of judgments affecting the frozen assets;

and we urged judges to defer action on these lawsuits pending resolution of the hostage crisis. This position was not accepted by all judges, and rulings have been made by lower courts on issues in some of the lawsuits.

VIII. The Fifth Stage: The Buildup of Pressure and Diplomatic Activity (May--August).

At the end of May the Administration conducted a comprehensive review of past and possible new efforts to free the hostages. The Iranians steadfastly maintained that the new Parliament would determine Iran's position on the hostage question. The new Parliament had not yet been organized, nor had a Prime Minister and Cabinet been appointed to lead a new government. The political infighting in Iran foretold that such fundamental political decisions would be reached only with great difficulty.

In these circumstances the President decided that U.S. measures in the succeeding weeks should emphasize:

-- Assuring that the sanctions were strictly applied and allowing time for their effect to sink in and for the Iranians to perceive that it was increasingly in their interest to end the crisis.

-- Intensifying diplomatic activity and contacts by other parties to explain to the Iranians the harsh consequences for Iran and its revolution of allowing the hostage crisis to continue.

-- Playing down the public diplomacy aspect of our crisis management in order to give the Iranians time and a certain degree of calm to work out a reasonable way out of the crisis.

This approach was pursued throughout the summer, but especially in June, when there was a marked increase in the number of contacts with Iranian leaders and foreign diplomatic sources in Tehran. After the rescue mission Iranian spokesmen began again to demand that some or all of the hostages be placed on trial. We emphasized in our diplomatic contacts and those of our intermediaries our total opposition to any procedure that would endanger or humiliate the hostages in violation of international law. Apparently in response to this message, the threats of trial subsided.

In early June the Iranians convened an international conference to air evidence of "U.S. complicity" with the Shah's regime and alleged efforts to bring down the revolutionary government. We refused to validate passports for a group of Americans who wished to travel to the conference on the ground that it was strictly a propaganda device, unlikely to make any progress toward a fair resolution of the crisis. That judgment proved to be correct.

In June, European Socialist leaders in touch with the United States sought to persuade the Iranian authorities to release the hostages. Messrs. Kreisky of Austria, Palme of Sweden, and Gonzales of Spain traveled to Iran to attempt to convince the Iranians of the harm being done to their country by the continuing crisis. Similar arguments were put to the Iranian Foreign Minister when he met with the Socialist International in Oslo.

Throughout the summer, the atmosphere did slowly and haltingly improve, despite Iranian accusations in July of American backing

for a military coup. There were fewer and smaller mobs in front of the Embassy, and Iranian rhetoric generally subsided. On July 11, hostage Richard Queen was suddenly released by the Iranian authorities for humanitarian reasons. Queen had been stricken by multiple sclerosis during his captivity and was returned home to a heartfelt national welcome.

On July 23, an Iranian who opposed the Khomeini regime was assassinated in Bethesda, and several Americans associated with Iranian revolutionaries in this country were linked to the attack. A few days later, at the end of clashing pro- and anti-Khomeini demonstrations in Washington, about 200 Iranian students were arrested. Their refusal to cooperate with the police and immigration authorities led to scuffles as they were arrested and to their detention for about 10 days. Television and news reports of the students' arrests again fanned anti-American feelings in Iran and led to large demonstrations against the United States. That response quickly subsided, however, when the students finally decided to cooperate with the authorities and were released.

On July 27, the Shah died in Cairo--thus removing entirely the original stimulus that triggered the seizure of the Embassy. However, there was no change in the Iranian position, which had shifted from demands for the return of the Shah to a generalized "attack on imperialism."

At the end of this stage, sanctions were clearly hurting the Iranian economy, which was already weakened by the revolutionary turmoil. President Bani-Sadr, an economist, acknowledged that

the sanctions had added 25 percent or more to the high rate of inflation. Iran's industrial establishment was operating at less than 30 percent of normal. The continued freeze of Iranian assets (in excess of \$8 billion) and the virtual cutoff in Iran's oil income were creating serious problems for Iran's banking and fiscal systems. Plainly, even to many hardline revolutionaries, the disadvantages to Iran of continuing to hold the hostages were beginning to be apparent.

IX. The Sixth Stage: Intensified Diplomatic Exchanges (Mid-August--January).

By mid-August, after months of bitter political struggle, the necessary Iranian political structure for dealing with the hostage crisis seemed to be in place. The Parliament had been organized and Ali Akbar Hashemi Rafsanjani was named President or Speaker. Mohammed Ali Rajai was approved as Prime Minister, along with a majority of his Cabinet. There were expectations that the Parliament would soon turn its attention to the hostages. The United States decided that the moment was ripe for more direct and intensive diplomacy.

The first of a series of personal letters from U.S. officials to the new Iranian leaders was sent in August. In an initiative that originated in the House of Representatives, 187 Members signed a letter to Rafsanjani urging that the new Parliament give priority attention to the hostages. Speaker Rafsanjani's oral reply, while critical of the Congressional approach, held out some prospect for further exchanges. Accordingly, a second Congressional letter signed by Congressmen Gilman and Hamilton was sent on September 15.

Throughout the crisis, the Administration had kept the Congress fully informed of developments. The President, Secretary, Deputy Secretary, and other officers met regularly with Senators and Congressmen to share assessments of events. The Congress clearly understood the difficulty and delicacy of the complex situation and was helpful and fully supportive of the efforts pursued by the Executive Branch to gain freedom for the hostages. The long months of the hostage crisis showed how effectively Congress and the Executive Branch can cooperate to protect the national interest.

On their own initiative, the families of the hostages wrote to Speaker Rafsanjani on September 13, urging that the Parliament consider release of the hostages on humanitarian grounds and offering to meet with him for discussions. Like the Congressional letters, this one was read to the Parliament, but there was no response.

The Secretary of State wrote to Prime Minister Rajai on August 31 and again on September 30. In addition, papers spelling out the U.S. general position on the basic elements of a settlement along the lines of the January six-point paper were conveyed to key Iranian leaders during September.

In August and early September, it became evident that the political situation in Tehran was beginning to coalesce and lines of authority were becoming clearer. Concurrently, the view that holding the hostages was more of a liability

than a benefit appeared to gain strength among the Iranian leadership. The early widespread support for holding the hostages was outweighed by the very heavy price Iran was paying economically and in terms of international isolation. The judgment that the revolution was more endangered than helped by the hostage situation seemed increasingly to be accepted.

On September 12 Khomeini stated briefly in a speech on a larger subject the conditions that the Parliament should set for the release of the hostages. These were:

- return of frozen assets;
- return of property taken illegally by the Shah;
- cancellation of financial claims against Iran; and
- a pledge not to interfere in Iran's internal affairs.

Although broadly stated and not precisely defined, these conditions provided the structure for an agreement. An additional step was the establishment of a Commission in the Parliament to recommend to the Parliament the conditions for the hostages' release.

In private contacts in mid-September, arranged by the Government of the Federal Republic of Germany, we were able to clarify and explain in greater detail our position on the various conditions outlined by Khomeini. Further exchanges were envisioned to try to expedite the process in Tehran to permit the hostages to be returned as promptly as possible. However, before further exchanges could be arranged, positive movement on the hostage issue was sharply interrupted in late September by the Iraqi

military strike against Iran and the outbreak of hostilities between the two countries.

The Iraq-Iran conflict had two effects on the hostage situation, one immediate and one more delayed. In the short term, the Iranian leadership shifted its attention almost exclusively to the war, and its interest in a resolution of the hostage situation was concomitantly reduced. However, as the war continued, the costs of holding the hostages were starkly felt by Iran. The combination of diplomatic isolation, an economy severely strained by sanctions, the draw-down of financial reserves which were not replenished by much reduced oil sales, and the general unavailability of military resupply, all dramatized for Iran the high price it was paying for holding the hostages.

Although the hostilities had interrupted the momentum that was building on the hostage issue, we continued to press for release. We attempted to reinforce those in Tehran who were arguing that the war demonstrated Iran's need to resolve the hostage crisis and end its international isolation. During October we sent a number of indirect messages to the Iranian leadership, which stressed that a resolution of the issue was to our mutual benefit and refined further the actions we would be willing to take in the context of a general settlement of the

hostage issue. With increasing frequency as the U.S. elections drew closer, Iranian leaders spoke in more positive terms of release.

Prime Minister Rajai visited New York on October 16-19. During the Prime Minister's effort to focus world attention on Iran's grievances in its conflict with Iraq, numerous interlocutors told him that Iran could not expect support from the world community as long as it continued to hold the hostages.

Illustrating the importance to Iran of a prompt resolution of the hostage crisis, the Parliament's Commission completed its work despite the war with Iraq and reported to the full Parliament during the last week of October. The Majlis (Parliament) held several closed sessions without reaching a decision. When a vote was scheduled for October 30, hard-line members blocked the session by preventing a quorum. Finally, on November 2 the Majlis adopted the Commission's recommendations elaborating Khomeini's conditions for releasing the hostages.

The Majlis Resolution demanded that the U.S.:

- pledge not to interfere in the affairs of Iran;
- lift the freeze on Iranian assets and put all these assets at the disposal of Iran;
- cancel all economic and financial sanctions against Iran, cancel all U.S. claims against Iran, and assume financial responsibility for any claims made against Iran:

-- return to Iran the assets of the Shah and his close relatives.

In return, Iran would release the hostages gradually as the U.S. implemented the stipulated conditions. If the U.S. did not meet Iranian demands, the hostages would be tried.

In a public statement that was conveyed to Iranian officials by the Swiss, the President termed the Majlis action of taking a position "a significant development" and a positive basis for moving toward an honorable and peaceful solution to the crisis. He said we would not be influenced by the impending U.S. elections in dealing with the issue and any action we took would be consistent with our vital national interests and national honor and in full accordance with our laws and Constitution. Deputy Secretary of State Christopher and a small team of advisors began at once to formulate a U.S. response to the Majlis Resolution.

A Committee headed by Minister of State for Executive Affairs Nabavi was also established in the office of Prime Minister Rajai to deal with all aspects of the hostage crisis. In the initial stages, this group had little flexibility and saw its role as the strict implementation of the Majlis Resolution as if it were a binding law. Rajai designated Algeria as the sole contact for communications between Iran and the U.S. on the hostage issue. On November 3, Algerian Ambassador Malek delivered the official text of the Majlis Resolution to the State Department.

Following the passage of the Majlis Resolution, the militant captors met with Khomeini and told him they wished to turn over custody of the hostages to the Government. Khomeini praised their revolutionary act and agreed to the transfer. Despite conflicting reports in the weeks that followed, the Government did not publicly acknowledge that it had definitely assumed custody of all of the hostages until early January.

On November 10 Mr. Christopher and his team flew to Algiers to deliver the U.S. response and to explain it in detail so that the Algerian representatives would be prepared to answer the questions of the authorities in Tehran. Prefacing his description of our response, Mr. Christopher told the Algerians that we accepted in principle the Majlis Resolution as a basis for ending the crisis and had sought to be as forthcoming as possible under our Constitution and legal system. At the same time, any solution of the issue must reflect American national interests and honor, and be perceived as equitable by both countries. This position was later stated publicly by Secretary Muskie.

The core of our response was a general statement of the U.S. position on each of the points in the Majlis resolution. We also shared with the Algerians examples of U.S. Government declarations which could be made effective with the safe release of all of the hostages.

A high level Algerian team left immediately after the Algiers meeting, taking the U.S. response and detailed U.S. position papers to Tehran. Arriving on November 12, the Algerians stayed in

Tehran ten days as the Nabavi Committee studied the U.S. response. The Iranian comments came in two separate submissions. First, there was a request cabled to Washington for five lists of data from us:

- a listing of all legal suits pending against Iran in U.S. courts;

- an inventory of Iranian assets held in U.S. banks here and abroad;

- a list of all loan offset measures taken by U.S. banks;

- an accounting of all Iranian Government assets and real estate property held by U.S. companies or private citizens here and abroad;

- a compilation of judgments rendered by U.S. courts.

We pointed out that some of the financial information had already been provided to the Algerians and all of the data should have been in the possession of the Iranian authorities or their lawyers in the U.S. After agreement had been reached on the principles for a settlement, we would be prepared to cooperate to the extent of our information.

The second Iranian statement, delivered by the Algerians to the Department of State on November 26, commented on the U.S. response. The U.S. response was termed by the Iranians to be "new proposals" or "obscure." The Nabavi Committee asked for explicit statements whether or not the U.S. would agree to nine specific elements in the Majlis Resolution.

Working over the Thanksgiving holidays and obtaining the

President's final guidance that weekend, Mr. Christopher and his team were able to return to Algiers on December 2 to present the second U.S. response. Our response, in effect a statement of the previous U.S. position in a different form, was designed to meet the Iranian need for explicit answers to their nine questions related to the elements of the Majlis Resolution. In addition, the U.S. again described in a separate paper how each of the nine undertakings was to be accomplished. Affirming that the U.S. would restore the financial position of Iran insofar as possible to that which existed prior to November 1979, the U.S. explained the elements of our position and the constraints affecting it.

As they had on the previous occasion, the Algerian delegation left at once for Tehran following the conclusion of the meetings with the U.S. team and delivered our response on December 4. The comments of Rafsanjani and other Iranians who were briefed on the second U.S. response were less negative than they had been on earlier occasions about prospects for a settlement. Mail to the families from the hostages--blocked since the outbreak of war with Iraq--suddenly began to arrive again in the U.S. Presumably, humanitarian arguments by the Algerians in their meetings in Tehran had been persuasive.

The hope for release by Christmas that these developments produced was dashed, however, on December 19, when the Iranians presented their response to our paper of December 4. The Iranians stipulated that the U.S. should deposit with Algeria a total of almost \$24 billion prior to the release of the hostages.

These funds, described as financial guarantees included not only all known Iranian assets (over \$9 billion) frozen in U.S. institutions, but also \$10 billion against the later return to Iran of assets of the late Shah and his family allegedly held in the U.S. and \$4 billion in U.S. Government funds to cover other unidentified Iranian assets that might be located later. The total funds covering Iran's assets (over \$13 billion), but not the Shah's wealth, were to be handed over to Iran with the release of the 52 hostages.

Although some of the demands contained in the Iranian response clearly exceeded the Constitutional and political authorities of the President, there were also certain positive elements. The Iranians agreed to make good on outstanding loans and to settle bona fide debts through acceptable arbitration. Thus, we decided to make one further attempt to build on those elements and to reformulate our position.

During this period we sought through the Swiss and Algerians to arrange for pastoral visits at Christmas to the hostages. Although at first our requests were turned aside, on Christmas Eve the Papal Nuncio and three Iranian clergymen were allowed to visit the hostages and TV films were made. On Christmas day the Algerian Ambassador in Tehran was allowed to see each of the 52 hostages and to collect TV tapes, photographs and messages for the families. These were the first contacts the hostages had had with an outsider since April.

On December 28 Rajai made public the Iranian response and, in part, the U.S. position of December 4, adding his own comments.

To remove any confusion we released to the press on December 29 the text of our position.

The revised U.S. response was given to the Algerians on December 30. In this formulation we offered a detailed proposal for settling claims through arbitration and the establishment of an escrow account in an agreed central bank for the deposit of presently frozen Iranian assets. Part of the proposal called for establishment by Iran of a Security Account with the same central bank to provide a means of making payment of claims under the proposed Claims Settlement Agreement. These proposals were worked out as a Declaration of the Government of Algeria which both sides would accept. When these arrangements were all in place and when Algeria certified that the 52 hostages had been safely released, the monies in the escrow account could be released to Iran but the Security Account would be maintained by Iran with a large balance during the settlement of claims. With the assurance of an acceptable agreement on arbitration of claims, the U.S. would seek to have the courts lift attachment orders affecting frozen assets so that those funds could also be placed in the escrow account. We explained that it would take time beyond the release of the hostages for these legal actions to be accomplished.

We made clear that in order for the complicated transactions in the U.S. proposal to be initiated during the time remaining to the Administration of President Carter, the Iranians would have to indicate their agreement by January 16. (At Iran's request and when prospects for an agreement improved, we dropped the stipulated

date.) Minor changes in language were made in our formulation of the points on non-intervention in Iranian affairs and the Shah's assets, and these two points appeared no longer to be issues of contention.

On January 4, the Iranians announced that the three hostages held in the Foreign Ministry had been transferred to a more "appropriate location" with the other hostages. On December 23, revolutionary guards had attempted to transfer the three, but they had resisted and the attempt had been abandoned. On January 4, the Government clearly sanctioned the move. About a week later the Swiss Ambassador was told that the three had been taken to join the other 49 hostages and henceforth would not enjoy special access or privileges.

The Iranians reacted positively to the revised U.S. position, and on January 7 Mr. Christopher and his team flew to Algiers to facilitate further exchanges. There the Algerians assisted in working out the final details and in developing a process for implementing the arrangements proposed by the U.S. The Bank of England was selected as the central bank to hold the escrow account in the name of the Algerian Central Bank.

The Iranians made very plain their desire to end the crisis before the expiration of President Carter's term of office by proposing on January 12 to the Parliament on an urgent basis a bill to authorize the Government to arbitrate disputed claims with the U.S. The bill passed after a day's delay, but a second proposed bill to nationalize the Shah's assets was deemed not urgent as it was not essential for the conclusion of an agreement with the U.S. It was deferred for later consideration.

Three categories of Iranian assets were covered by the agreement. In the first category were Iranian securities and gold in the custody of the Federal Reserve Bank in New York. Arrangements were initiated on January 16 to facilitate the subsequent transfer of these assets to the escrow account of the Bank of England on January 16 as a mark of U.S. good faith in seeking an agreement.

The second category of Iranian assets was funds held in foreign branches of U.S. banks. A portion of funds would be used to prepay bank loans while another part would remain in the escrow account until disputed bank loans were resolved by the arbitration commission. A third, smaller portion would also remain in escrow until all disputes were settled over interest rates allegedly owed by the banks. The undisputed balance would immediately go to Iran with the release of the hostages. Thus, the claims of the American banks would be either fully settled with the release of the hostages or protected in the escrow account until disputes were resolved.

The third category of funds to be deposited in the escrow account would be comprised of Iranian assets in domestic branches of U.S. banks and all other Iranian assets located in the U.S. or abroad in the custody of persons subject to U.S. jurisdiction. In the context of the transfer of these assets to the escrow account, Iran was committed to resolve claims by U.S. nationals under the agreed claims settlement procedure.

The U.S. also agreed to lift import and export sanctions under the agreement when the hostages were released. Our allies stated they would take parallel steps to remove their sanctions. These sanctions imposed increasingly heavy costs on Iran in terms of greatly curtailed economic activity and substantial diplomatic isolation. During our exchanges with the Iranians through the Algerians, they never raised the subject of Iranian-owned military equipment held here. The U.S. will decide at a later date whether any or all of this equipment should be released to Iran. In any event, under the agreements, the U.S. has no obligation to release any exports to Iran which were prohibited by law or regulation prior to the seizure of the hostages. Funds that Iran has deposited with the Department of Defense for the purchase of equipment will be returned in full when all Iranian obligations have been settled.

Throughout this crisis the U.S. has remained faithful to fundamental principles. We have obtained the safe release of the hostages and we have preserved national honor and national interests. We have not paid ransom; the money consigned to Iran is its own property. We did not agree to the return of the Shah's wealth, except insofar as U.S. courts upheld Iranian claims to the property. We have agreed to block the transfer of any properties belonging to the Shah's estate that may be located here while U.S. courts determine legal ownership. We

told Iran, as we would any other country, that we would inform the U.S. courts of our position that claims by Iran seeking recovery of the Shah's assets were not legally barred here by sovereign immunity or by the act of state doctrine.

The good offices of Algeria during the final state of discussions were of crucial importance. The Algerian intermediaries carried out their responsibilities in a thoroughly professional and fair manner. The Governments of Algeria and of our protecting power, Switzerland, whose diplomats worked tirelessly throughout the crisis, have made a major and vital contribution to the settlement of this crisis. Other Governments were also extraordinarily helpful. The Soviet Union in contrast on January 17 issued a press statement that the U.S. was preparing to intervene militarily in Iran. The Secretary called in the Soviet Ambassador and demanded an immediate end to this scurrilous propaganda and warned him of serious and lasting effects on U.S.-Soviet relations and U.S. public opinion.

On January 19 agreement between the parties was reached and Mr. Christopher initialled the two Algerian Declarations after Behzad Nebavi had initialled for Iran in Tehran. It appeared that the hostages might be able to leave Tehran the following day. Once again, however, hopes were disappointed. The Iranian Central Bank objected to certain details of the financial arrangement and the negotiators were forced to return to their task.

Finally, in the early morning on January 20 the White House was able to announce all of the necessary documents had been approved by the parties and funds from U.S. banks had been deposited in the bank of England escrow account. Iran was informed. The hostages boarded the Algerian aircraft in Tehran and at about 12:30 p.m. EST left en route to Algeria where they were to rendezvous with USAF aircraft which would take them to Wiesbaden, Germany. After 444 days the good news was flashed to the families of the hostages and to the entire world.

X. The Future

The United States retains an interest in the preservation of Iran's territorial integrity and in the development of institutions in Iran that will permit stable government by leaders chosen by the Iranian people. There is no other route to political stability in post-revolution Iran. We want to see an Iran that is independent and strong and able to enjoy respect among the nations of the world through adherence to standards of international law and accepted conduct between nations.

At the same time, we realize that many Iranians believe they have serious grievances against the United States, just as many Americans believe they have been seriously wronged by Iran. The bitterness that exists on both sides will require much time to heal. But both countries share important mutual interests. Both want to see Iran preserve its integrity and avoid the fate of Afghanistan. The people of both Iran and the United States want to see Iran develop the free and effective political and economic institutions that will enable the country to realize its vast potential.

U.S. PERSONNEL IN IRAN

Chairman ZABLOCKI. Thank you, Mr. Saunders.

You stated that U.S. personnel in Iran were reduced from 1,400 persons to 60. The 1,400 were not all U.S. Embassy personnel?

Mr. SAUNDERS. They were largely in the military missions that we had there. There were, of course, American officials. This was before the revolution. We were engaged in large training exercises, and so on. I spoke of an American official presence, not just of the Embassy presence.

Chairman ZABLOCKI. In retrospect, should we have drawn down below 60 since there had been an attempt on the Embassy prior to the takeover?

Mr. SAUNDERS. We have been through this in a number of places in the world, most recently of course also in Kabul, Afghanistan. When one begins drawing an Embassy down one reaches a point where you may be able to find one or two more spots or three or four that you can draw out but if you made a decision to have a functioning embassy in this case 60 was about the right number. Remember you are talking about a security detachment. You are talking about a group of communicators. You are talking about a consular group and those people come in blocks of somewhere between 10 and 15 people by the time you take into account necessary shift work or the need to handle public workload. Then in Iran—because one of the principle problems after the revolution was to help American businessmen who had left at the height of the revolution wind up their business in some orderly way in Iran—we felt that a substantial economic section was necessary and then you have the remaining political section and the front office. It is not hard to get up to 60.

Chairman ZABLOCKI. This puts it in better perspective in my view. I thought that the reason for keeping as many as 60 people was due to the students coming to the United States, because we needed an additional number in a consular section in order to process the Iranian students' visas, and this would be inexcusable.

EMBASSY SECURITY

Mr. Saunders, are you satisfied that the Embassy was sufficiently hardened and adequately and efficiently prepared to destroy documents in case of a takeover? One of the problems that was voiced was the Iranians have exploited the documents they were able to obtain. Why were not these documents destroyed?

Mr. SAUNDERS. Most of the documents of course were destroyed. In answer to your first question, I think the Embassy was sufficiently hardened. They held out for 3 hours and could have held out for a longer time if they had felt help was on its way and surrendered only when they felt that that would not happen. There were documents of course that were not destroyed. A few of them were sensitive documents. The bulk of them I think were of not great value to the Iranians. The answer to your question I believe is simply twofold: One, some of the confusion surrounding the assault on the Embassy, and the other was simply running out of time.

EMBASSY SEIZURE AN ACT OF TERRORISM

Chairman ZABLOCKI. In your assessments would you classify the Embassy and hostage takeover as an act of terrorism, that indeed the revolutionary government was a terrorist act on the part of the taking of the hostages?

Mr. SAUNDERS. I would certainly classify the people who took over the Embassy compound as terrorists. I do not think we really know for sure exactly what the connections of that group were with elements of the revolutionary leadership. We may never know the answer to that question. My own view at this point is that the secular authorities were taken by surprise. Some elements, on the other hand, of the Islamic side of the revolution obviously were behind the takeover. I speculate that that knowledge did not go to the top on the religious side but more than that we really have no evidence to say.

Chairman ZABLOCKI. Just a comment. Mr. Saunders, you said securing the Embassy would be an expensive process; but the takeover of the Embassy and the efforts we have exerted thereafter was even more expensive.

Mr. SAUNDERS. I would agree. I pointed out the expense, not as an argument for not doing it, but to point out it would be a necessary burden in the State Department's budget.

IMPACT OF PRIVATE EFFORTS REGARDING THE HOSTAGES

Chairman ZABLOCKI. Mr. Saunders, can you share with us your opinion of the effect of the efforts of private persons—congressional delegations, Members of Congress, or other people—who had attempted to deal with the hostage situation? Was it helpful?

Mr. SAUNDERS. I would have to look at individual cases. Let me just make two statements at the opposite end of the spectrum. The two private lawyers in Paris I think played a significant role as direct mediators in the January to March period. We were also grateful to those clergymen who performed the humanitarian function in visiting with the hostages at Christmas and Easter of last year.

At the other end of the spectrum there were a lot of self-appointed private citizens who went to Tehran feeling that they could play some kind of role and I think almost universally they had very little effect and I do not think in retrospect many of them greatly complicated the situation, although there was the potential for that in what they did.

Chairman ZABLOCKI. Judging from the reports in the press, statements on the part of the hostages, some of the hostages were not even pleased with some of the religious people that visited Iran.

Mr. SAUNDERS. That is true. I think there were responsible clergymen who did go in and did perform a legitimate pastoral function as well.

Chairman ZABLOCKI. My time has run out. The Chair would like to advise, as he has informed the committee members before, in the order of calling upon members he will take into consideration the number of members on each side of the aisle that are present at the drop of the gavel. There were seven Democrats and seven Republicans here, so I shall alternate one-by-one.

Mr. Broomfield.

PRESIDENT-ELECT REAGAN'S ROLE

Mr. BROOMFIELD. Thank you, Mr. Chairman. First, Mr. Saunders, I would like to join the Chairman in congratulating you on your work in the negotiation process. I wonder if you could give us your feelings about President-elect Reagan's role prior to the finalizing of the agreement, and his hard stand as to what might happen if the agreements were not finalized. Was this helpful in bringing about a negotiated settlement?

Mr. SAUNDERS. You obviously find me on delicate ground, Mr. Broomfield. I think it is accurate to say this: That January 20 became a point of importance in the negotiations certainly after the Presidential elections in this country. The Iranians, I think, decided that they wanted to wrap up the hostage crisis within the Carter administration. I guess it is accurate to say that negotiating with a known administration perhaps looked a bit easier to them than negotiating with an unknown administration and, of course, the then-President-elect made several harsh statements that might have enhanced their feelings. But I really think, as I said in my opening remarks, if one looks back over the 2 years one can see that once the Government was appointed in August and Khomeini stated the conditions, they had at that point made the decision that the hostages were no longer politically important to them and they would go ahead and work out their release. January 20 then became a kind of self-imposed deadline in their minds as well as a practical deadline on the American side.

INTERNATIONAL TERRORISM

Mr. BROOMFIELD. To what extent do you believe terrorism has become a part of the arsenal of geopolitical options and will be an important ingredient of international conflict during this decade?

Mr. SAUNDERS. I do think this is a serious problem. I would paint the picture in even broader terms, if I might. It seems to me one of the things we confronted in Tehran was a totally different mind set about the rules of international order.

For instance, when we went to the World Court, the Iranian revolutionaries simply described that as an institution put together by the industrialized West, which would work to their disadvantage. They even viewed the United Nations in that way.

The hostages, in talking to their captors, and we in talking to the revolutionary authorities before the takeover in New York, experienced this total lack of ability to communicate because we were operating from quite different premises.

We have a mind set in the world that is conducive to what we call international terrorism. We see it also in the actions of the Libyan Government, and we see it in other situations.

I think the problem is a very large one for the next decade, and the solutions to it I think have to be worldwide. That is why I suggested an international approach to the problem rather than solely an American approach, important as that will be.

Mr. BROOMFIELD. I couldn't agree with you more.

U.S. PLEDGE OF NONINTERVENTION IN IRAN

In the agreement the United States pledges that it is and from now on will be the policy of the United States not to intervene directly or indirectly, politically or militarily in Iran's internal affairs.

Does such a statement implicitly acknowledge that the United States has in the past intervened in Iran's internal affairs and how would you interpret this pledge should the Soviet Union militarily intervene in Iran? Would this tie U.S. hands in terms of our response?

Mr. SAUNDERS. In answer to your first question, Mr. Broomfield, this was not acceptance of the implication of past wrongdoing in Iran. We were asked specifically in the negotiations to make that sentence read, "The United States will not from now on intervene in the internal affairs of Iran," but we insisted on saying that it is and from now on will be the policy of the United States not to intervene.

We did not accept wording that would have left the implication of our acknowledging past wrongdoing.

On your second point, the answer is also no. This, I don't believe, ties the hands of the United States should a major international threat to Iran's integrity take place. The United Nations charter provides for ways of dealing with that kind of threat.

All this paragraph in the agreement addresses is American unilateral internal interference in the political affairs of Iran.

LESSONS FOR FUTURE U.S. POLICY

Mr. BROOMFIELD. Mr. Saunders, now that the agreement has been finalized and you have had a chance to reflect back on the last couple of years, what can we learn to help us better handle and to avoid such crises in the future?

Mr. SAUNDERS. I would say three things, Mr. Broomfield.

First, of course, is the continued effort to sharpen our political analysis of the situation. That is not an answer, a total answer, because at any given moment the political analyst is going to say, this is the way it looks to me, but I cannot be sure.

As you well know, decisions about pulling embassies out always have to be made without knowledge of what is going to happen in the future. Sometimes we are overly cautious, sometimes we are not cautious enough. But it is a call that can only be made better by the best political analysis.

Second, I think the hardening of the Embassies is an extremely important part of our strategy.

Third, I would say that, again, working with other principal governments in the world to think through in advance the kinds of sanctions that might be imposed is very important.

What we ran into when we went to the United Nations was the fact that many countries do not have something comparable to, for instance, our International Emergency Economic Powers Act that permits the President rather large authority to take economic measures in a situation like that. Passage of laws in other countries that would permit this kind of reaction quickly I think would be a major step forward.

That is not the end of the possible list, but they are the three things that occur to me at this moment.

Mr. BROOMFIELD. Thank you very much.

Chairman ZABLOCKI. Mr. Rosenthal.

Mr. ROSENTHAL. Thank you, Mr. Chairman.

Mr. Saunders, it is good to see you again. All of us know that past is prolog. I think we are all in agreement that there is a valid purpose in reviewing events in the past, so that we can look to and learn from them for the future, as Mr. Broomfield suggested.

Looking back—and it is kind of silly being a Monday morning quarterback, but in retrospect—a number of questions still remain and are quite annoying, I think.

If you can free yourself from the constraints of traditional diplomacy, and your own reluctance to get into provocative areas, there are three or four questions that I thought you might want to address yourself to.

U.S. MISTAKES

Do you think we made mistakes at any point? The second question is, was the international community as helpful as it could have been? The third question is, was the U.N. role in any way useful? The fourth question is, what would you have done differently if you had a free hand in the situation in the early period?

Mr. SAUNDERS. Well, first of all, let me take the last part first and move into your first question about mistakes that may have been made.

One can always look back and say that maybe we could, as the chairman asked a little while ago, have had 5 or maybe even 10 less people there. Anybody that could have been saved that agony, it would have been worthwhile. In other words, that one lesson to be learned is to pare staff down to the minimum in a situation like this.

At the time it looked like a reasonable thing to do because during the summer and fall it looked as if the opportunity to have a reasonable relationship might be slowly growing. But that is certainly one area where one could second-guess one's self.

Of course, I think everybody involved would look back again at the decision to admit the Shah to the United States. Again, it was a judgment call by our top elected official, who was responding to a variety of humane concerns that had been I think bothering a lot of people in the Government since the Shah left Iran, and this medical evidence just tipped the balance.

One might have explored, if not bringing the Shah to the hospital, taking the hospital to the Shah. The judgment at the time was that time was of the essence, that every day made a difference, that the fastest way to provide the necessary treatment was to bring the Shah to the hospital. If one had thought again, one might have found a way to take the necessary equipment to Mexico City to complement whatever was available there, I suppose.

In the negotiations themselves, apart from tactical things, I don't know that we would have done anything a lot differently. The responsiveness of the Iranian Government was, of course, the key factor here, and until they were ready and had a structure in place, they really seemed unable to respond.

The rescue mission, of course, is a subject that I think has been well talked over. Again, that is another judgment call that one might think twice about.

I think one of the lessons that one does learn from the early stages of the crisis, when a rescue mission was rejected, is simply that you are talking about two different things.

One is the actual rescue of the hostages, and if they happened to be in a convenient location such as the lounge at the Entebbe airport, then that becomes a militarily possible operation.

When they are in the downtown section of a city of several million people surrounded by rampaging mobs, that is a different question.

Mr. ROSENTHAL. Let me see if I can be more specific in a couple of questions because I know the time constraint is a serious one.

USEFULNESS OF THE UNITED NATIONS

Were we tilting at windmills at the United Nations? Was that a useful exercise in any way?

Mr. SAUNDERS. I think the United Nations was more useful in this crisis perhaps than it has been in some Arab-Israeli crises, just to cite one contrast. It was a first-rate place to use, to marshal the views of the world community, which were expressed in support of our concerns. It was also a useful place to try to put the economic sanctions in place, although the Soviet veto blocked that.

The U.N. role in forming a commission of inquiry was a politically useful thing to do. So I value the role. Incidentally, I think some of the press coverage of Secretary General Waldheim's role during this period is grossly unfair and inaccurate.

ADMISSION OF THE SHAH TO THE UNITED STATES AND AVAILABLE INTELLIGENCE

Mr. ROSENTHAL. Going back to the entry of the Shah. The New Republic once reported that Ambassador Sullivan sent a cable to the department saying in essence, or in substance, that if the Shah were admitted to the United States, he, Sullivan, would leave Iran in a pine box.

Is that a fair statement of one of his messages?

Mr. SAUNDERS. I don't recall any communication like that. There may have been—well, there certainly were messages expressing concern about the reaction in Iran to the entry of the Shah, from February on.

This is not a problem that came up for the first time in October, obviously. It was reviewed almost continuously, February, March, so on, right down through the time the Shah was in Mexico.

Mr. ROSENTHAL. The point in pursuing that matter is not so much the judgment made by the highest elected official of the United States, but was whether the intelligence sources we depended upon were accurate or not. In other words, did the person who made the judgment to permit the Shah entry into the United States have the broadest conceivable range of what the potential liabilities of his decision would be? That is the question.

Mr. SAUNDERS. I think probably so, in the sense that there was a clear recognition from the top down, from February on, that the admission of the Shah would create a dangerous situation in Iran.

Once the decision was made to keep our Embassy there, to protect it to the maximum, when the Shah came in the focus was on how to maximize the security of the people who were going to remain there.

Mr. ROSENTHAL. In your opinion, as of today, was there an absence of full and complete intelligence information of what the potential for admission of the Shah would be?

Mr. SAUNDERS. That depends on what you call full and complete intelligence information. Obviously the knowledge of the inner workings of the Iranian revolutionary structure, if indeed there was even a structure, were not good.

As a matter of fact, I am not even sure that most Iranians knew what was going on inside their own revolutionary structure. I think the Government was taken by surprise by the takeover of the Embassy. As a matter of fact, the Government has divided and fought among itself. We do not have the best intelligence in the world on that situation.

I think during the period when the hostages were there, I would have to say a positive word about the intelligence we had.

I think the network through which we gathered information while our people were held hostages was amazing. A lot of it was done through third parties, the telephone, and a variety of other imaginative ways, and it wasn't intelligence in the classic sense. It was just plain good, sound, persistent gathering of information.

During that period I think our knowledge was much better than it was in the early stages of the revolution, when it was hard to know who to plug into.

Chairman ZABLOCKI. Mr. Winn.

Mr. WINN. Thank you, Mr. Chairman.

U.S. STRATEGY TO DEAL WITH ATTEMPTS AGAINST U.S. EMBASSIES

Mr. Saunders, you know that Mr. Rosenthal and I served as delegates to the United Nations at the time that the hostages were seized. Even though we probably did not have access to the information coming from the State Department to the U.S. Mission at the United Nations, we did have access to, we think, most of the cables that were coming from the U.S. Mission, both from Washington and from overseas.

At that time it did not seem to us that the United States had a policy, like in case of our hostages being seized. I could see nowhere in the information that I was reading or in the discussions in the meetings we held with the Ambassadors at the U.S. Mission that the United States had any kind of a policy, any kind of a plan of what we would do in case the hostages anywhere, particularly in Iran, were seized by militants or students or terrorists.

Do we have a plan?

Mr. SAUNDERS. I think we have a strategy. It is difficult to have a specific plan until you know exactly what you are dealing with. The strategy manifested itself on the first day. The strategy is twofold.

One is to open lines of communication to the maximum number of people who are engaged in the taking of hostages in an effort to find some way to begin working out their release. That is a classic way of dealing with a terrorist situation in most circumstances. How you will exercise that strategy in a given place depends on the situation. This was unusual because of the weakness of the government.

The second line in the strategy, which again was apparent almost from the start, was to begin marshaling international pressure on the element that is engaged in hostage taking. That, of course, began almost immediately in the United Nations. It involved ultimately the freezing of the assets, the U.N. resolutions, going to the World Court, and so on, and the employment of men of stature, governments of stature in the world approaching the Iranians.

In the first day of the crisis, we had instructions out to some 30 or 40 embassies around the world who we felt would have worthwhile connections with the Iranian Government to try to urge the immediate release of the hostages. When it became possible to begin exchanging positions, we did that. We were doing that by November 15, in New York.

A lot of it was not in the telegraphic traffic because a lot of it was being done on the secure telephone between the U.S. Mission at the United Nations and Washington, or through Secretary Vance's own travels to New York, some of which were kept secret at the time.

Mr. WINN. I am aware of that. As I say, I am aware that we did not have access to all of the information. I am aware of the pressures that were attempted to be put on by the United Nations through the other representatives of many of the countries up there.

I am also aware that the Iranians used their representatives to the United Nations to hold about five or six press conferences a day, to give their side of the story, no matter who the government was or what government we were trying to work with.

I realize that to be the problem—they were using the United Nations and international media wherever they could and whenever they could to give their side of the story.

ACTIONS OF U.S. FOREIGN POLICY AGENCIES

Now, immediately after the seizure of the hostages on November 4, within the next week, I wonder if you could tell the committee how well our national security agencies did, how well they reacted. The State Department, the Defense Department, Intelligence, and the National Security Council—how well did they respond?

Mr. SAUNDERS. First of all, the decisionmaking and crisis management structure of the National Security Council was brought into play almost immediately. During those first 3 months that our people were hostage, the special coordinating group met in the White House normally six mornings a week for about an hour, from 9 to 10, and that involved very often three or four Cabinet officers—State, Defense, Treasury, sometimes the Attorney General, the National Security Adviser, as well as staffs from those

organizations. So, there was a reasonable integration and coordination at the top.

Second, I think that since this was a complicated crisis, with the freezing of assets and the economic governmental community, the management of the crisis overseas from the State Department, and the desire for intelligence, a number of the different communities in the foreign affairs community acted—I think they all responded well because key people were devoting a great deal of time to the effort, and it was a matter of the highest priority in each of those departments.

Mr. WINN. I want to commend you for the part that you took in the eventual release of our hostages. I know that you spent long and many hours trying to do that. I want to commend you. I hope sometime that you can help this committee and this new administration, or whatever administration is in, develop a policy that the people of Iran and any other country with militants or terrorists or students, whatever they are called, are not going to fool around with the United States. They will know we mean business.

Thank you.

Mr. SAUNDERS. Thank you, Mr. Winn.

Chairman ZABLOCKI. Mr. Hamilton.

Mr. HAMILTON. Thank you, Mr. Chairman.

Mr. Saunders, we are pleased to have you today. I think all the members of the committee recognize that you have served with very great distinction and very professionally in your position as Assistant Secretary of Near Eastern and South Asian Affairs. It has been a pleasure for me and other members of the committee to work with you during these past few years.

FUTURE POLICY TOWARD IRAN

I was particularly interested in the final paragraphs of your statement, and I would like you to comment on what you think the characteristics of U.S. policy toward Iran ought to be in the coming months, and perhaps coming years.

I notice in your statement you talk about the strategic importance of Iran. You mention the importance of maintaining Iran's independence. You comment on the common interests that we have with Iran. But you also say that you would not recommend American representation in Tehran for some time to come.

So, what do we do? The long-term interests are apparent, common interests are apparent. Right at the moment we have got a difficult problem. What steps would you recommend for the United States to take in the next few months as we adjust to a new relationship with Iran?

Mr. SAUNDERS. First of all, Mr. Hamilton, there is a possibility which exists at any time of exchanging assessments of the situation in that area held by the two governments.

As a matter of fact, at several points during the period when the hostages were held we shared our assessment of the Soviet invasion of Afghanistan and the Soviet military posture toward that area with some of the authorities in Iran, believing from their public statements that they, too, were deeply concerned by what had happened in Afghanistan.

I cite that as an example that could be repeated at any moment—simply the exchange of assessments, either in writing or through intermediaries. The next step, of course, will need to be at some point a dialog between an American and an Iranian.

That is something the Iranians have not wanted to date. They did not want it during the negotiations of the hostages' release, and we have no evidence they want it now. I am not sure that their reluctance will continue forever. At some point we will begin having functional contacts, as the claims settlement tribunal is set up.

One step beyond that would be some kind of meeting somewhere simply to begin talking through the overall relationship. Of course, we are represented in Tehran by the Swiss Government and communication is possible through that channel as well.

At some point when assessments are shared, we will determine what interests they have in private Americans coming back to do business in Iran, when it is safe to do so. That may be the beginning of another American presence. I don't know.

Mr. HAMILTON. Would you advise American businessmen to re-establish contacts in Iran now?

Mr. SAUNDERS. Not today, if it means traveling to Iran. If they have business interests which would be furthered by their meeting with Iranians, if there is some interest of theirs which could be dealt with, some problem that could be resolved, claims that could be settled, outside of the claims settlement process, I would hope that Iranians and Americans could find neutral ground on which to meet.

Mr. HAMILTON. So, for the immediate future, you see very little in the way of steps that we can take to develop that relationship. That is the way I interpret your response.

Mr. SAUNDERS. With one qualification, Mr. Hamilton. The kind of sharing of assessments that I have mentioned is something, as we have seen in other circumstances, can take up a fair period of time, can be done rather discretely, and is a useful foundation for moving on.

INTERNATIONAL AGREEMENTS TO DEAL WITH TERRORISM

Mr. HAMILTON. Second, I would like to have you comment on your statement, also on page 9, about the kinds of sanctions that ought to be put into place in case another such incident occurs. I would hope that you and some others would give some very careful thought to that in the near future. It seems to me it might be promising.

You say that you don't see any one agreement that could produce the kind of results that we would all want. But what kinds of international agreements would be helpful in the event of another hostage taking?

Mr. SAUNDERS. My thought in saying I did not see any one agreement was simply a desire that we not go through some exercise to have a resolution passed at the United Nations that everybody adheres to in name but doesn't have any practical effect.

There is nothing wrong with doing that, but we would be deluding ourselves if we thought that solved the problem.

I think the effective way to pursue this is bilaterally in the first instance with some of the key industrialized nations in the world, and then perhaps if they see United Nations' action is necessary for their taking actions within their own juridical systems, then fine, let's go do that, but I would start bilaterally with a dozen key countries to begin with.

Mr. HAMILTON. I hope to be able to pursue that with you a little further. One final question.

IMPACT OF IRAN-IRAQ WAR

What impact did the Iranian-Iraqi war have in bringing about the release of the hostages? I have not been able to put that into context. What is your judgment? Was that a major factor in bringing about the release?

Mr. SAUNDERS. I think it was an important factor. What interests me, though, is that once the Iranians seem to have made a decision to release the hostages at some point under the right conditions, as I think they did in September, what is remarkable to me is that they pursued that course through the parliament, passing the November 2 resolution, despite the distractions of the war.

I think the war, however, gave them impetus to go ahead and do that because they felt the need for some of their money to be available to them. But I would not want to go so far as to say that the hostages would not have been released on the same timetable if it had not been for the war.

Mr. HAMILTON. Thank you.

Chairman ZARLOCKI. Mr. Lagomarsino.

Mr. LAGOMARSINO. Thank you, Mr. Chairman.

VESTING IRANIAN ASSETS AND COMPENSATION OF HOSTAGES

Mr. Saunders, in early April, President Carter, among other things, announced that he was going to submit legislation to Congress that would have the effect of actually converting the seized assets to American ownership.

One of the purposes of doing that, as I recall, was to compensate the hostages in Iran, and also—and I am a little hazier about this part of it—I think he also mentioned using part of that money to pay for the costs of operating our fleet in the Indian Ocean.

I have two questions about that: One, what happened to that idea, and why; second, if we were thinking in those terms, then, of using part of their assets for that purpose, why did we not, as apparently was the case, have a clause in the agreement that would provide a pot of money for hostage compensation?

Mr. SAUNDERS. On the first point, vesting or taking over Iran's frozen assets—that is, taking them into the formal possession of the U.S. Government—was considered almost continuously throughout the crisis and, as you rightly recall, in early April it was mentioned that we might submit legislation for that purpose.

The counterargument was principally that any such action would have had serious ramifications in the international financial community among those who looked to the United States as an important place to invest their money.

In the end I think it was felt that not enough would be gained by the act of vesting the assets to warrant the damage to our international financial reputation. So, we decided not to go ahead.

There was also another factor that kept coming back to affect our decisions; that is, that every time in a crisis like this you start to do something, you have something else going on on another front and you don't want to rock the boat, so the timing of that was always a critical factor.

As far as the method of satisfying the claims of the hostages is concerned, I would like to say very directly that this is one of the hardest elements in the settlement for me to talk about because I feel so strongly about what my colleagues went through. It is very hard to say to them. "We have given up the right that you might have had to pursue claims against Iran."

We did this last summer, after consulting with the families of the hostages and their lawyers. There was not a unanimous feeling among the hostage families, but I think there was a substantial majority who felt that they did not in any way want financial claims to be injected into the negotiation that for one moment would delay the release of their family members.

Their lawyers also took the position that was comparable to the positions taken by the lawyers inside the administration; namely, that most American courts probably would not be able to accept jurisdiction over claims by hostages against another government because of the doctrine of sovereign immunity.

In the end, it was felt that we were waiving a set of claims that probably did not have a lot of value in terms of ultimate ability to get judgments and to collect.

Now, that leaves us with the question that you asked. Why could we not have saved out a pot of money for that purpose? The answer I think is twofold.

One, we have addressed the matter of hostage claims in a broader internal American context. There are issues raised, for instance, by those who have been prisoners of war, or who have suffered similar ordeals in other circumstances so that there is a philosophical question of how all of these people should be treated in a way that is fair to all of them.

Second, it became an issue in the negotiations whether we would waive those claims and resolve the question within the United States or whether we would insist on money to be set aside, and we chose the immediate freedom of the hostages rather than engaging in an exercise which more directly than anything else we could have done would have been bargaining an amount of money against the release of the hostages.

We felt putting ourselves in that position first of all would be unconscionable as far as the human beings and their families were concerned, but also would put our Government in the position of almost offering to pay a price for the release of the hostages. That is why we came to the conclusion that perhaps we as a Nation better resolve this problem internally rather than in this other way.

NEGOTIATIONS FOR RELEASE OF THE THREE U.S. NONGOVERNMENTAL PRISONERS

Mr. LAGOMARSINO. As I understand it, one of the three nongovernmental hostages in Iran—or prisoners would be a better description—in Iran was released; two are still there.

Did the negotiations ever get into the question of those people?

Mr. SAUNDERS. We thought about that long and hard; that is, whether to involve the case of Mrs. Dwyer principally, and two other people who have American documentation, although they also have other documentation, in the hostage negotiations.

The Swiss Government had been pursuing Mrs. Dwyer's case for some months, seeing her, to meet basic personal needs, and also ferreting out those in the judicial system who had responsibility for the case.

They seemed to be fully involved in that. We just felt that we better not complicate either case by trying to get the two together. I guess in hindsight that looks like one place where maybe we made the right judgment because her case was moving toward some sort of outcome at the time the hostages were released.

Of course, injecting the Iranian juridical process with Mrs. Dwyer into the release of the hostages, which were not within the Iranian judicial system, probably would have made it more complicated for them.

Mr. LAGOMARSINO. Thank you.

Mr. SAUNDERS. But we were conscious of the case throughout, but we were pursuing them on different tracks.

Chairman ZABLOCKI. Mr. Yatron.

Mr. YATRON. Thank you, Mr. Chairman.

REASONS FOR U.S. COMPLIANCE WITH AGREEMENT WITH IRAN

Mr. Saunders, the revelations of torture perpetrated against the American hostages has sparked considerable debate as to whether the United States was obligated to abide by the agreement with Iran. You are on record as saying that you feel it is in our best interests to do so.

Would you outline for us, please, the compelling reasons in terms of American strategic interests for keeping the hostage agreement with the Iranian Government?

Mr. SAUNDERS. First of all, I think we are working with a principle that the obligations undertaken by the U.S. Government will be followed through by subsequent administrations. That is a principle which the Attorney General confirmed to us during the negotiations, and which was confirmed to the participants. So, the integrity of the United States is at stake here.

Second, the United States has played a mediating role in the Arab-Israeli conflict during the last 7 years, I feel very strongly that such efforts at peace in the world are going to be in jeopardy if we cannot conclude agreements and assure that they will be carried out.

For instance, nobody wants the Government of Egypt to walk away from the Egyptian-Israeli peace treaty, and yet some lawyer somewhere could make an argument that the five Arab-Israeli

agreements signed in the last 7 years were made under duress because one party's territory was under military occupation.

I don't see how you can end wars or accomplish anything of that kind on the world stage unless you can negotiate or mediate in situations where the parties are not necessarily in equally advantageous positions.

So, I think the United States has a stake in the integrity of the mediation or negotiation process.

Third, I think these agreements are good agreements. I think the Americans involved, particularly the American claimants, are better off than they were 15 months ago—whereas most of them would have had precious little chance of getting their debts paid by Iran, now they can go to an international claims tribunal which is backed 100 cents on the dollar.

I just think that most of the claimants and their lawyers as they examine these agreements will judge that we got a pretty good deal.

Fourth, it is not a deal that I think encourages future hostage taking. If you look at the \$24 billion that the Iranians originally asked for, and look at the \$2.9 billion that moved on the day of the settlement—\$2.9 billion of their own money incidentally, not ours—and the paying off of debts to the United States, I don't think any future government would be encouraged to see great advantage in coming out of a future situation in the way that Iran came out of this. I think for a variety of reasons, therefore, we have every reason to go ahead.

SECURITY OF U.S. EMBASSIES

Mr. YATRON. The seizure of the Iranian Embassy was followed by an attack of other American Embassies, in Pakistan, Libya, and also the American Ambassador to Colombia was kidnapped.

Should the United States take greater measures to protect their Embassies? Should, as an example, the Marine guards be given greater discretion in trying to protect the Embassy personnel?

Mr. SAUNDERS. The attack on the Embassy in Pakistan is a good example of what the Marine guard does do without weaponry. The judgment by those who lived through both the first and the second takeovers of our Embassy in Tehran I think would certainly lead them to the judgment that the Marines should not be armed to shoot at a mob.

In Islamabad they used teargas and a variety of other measures in order to hold off the mob until almost everybody in the compound could be secured, some 110 or 115 people, in the safe haven area within the chancellory.

Of course, in that case everybody came out of that safe haven alive. One of the Marine guards was killed by an accidental shot, and three others were killed because they did not get to the safe haven.

So, I think that is an example of an embassy that was equipped to hold out for 5 hours until the government could clear the mob. That, it seems to me, is the right strategy to pursue.

But in the end, I don't think it is Americans with weapons shooting at mobs that are going to be able to secure the Embassies in the absence of help from the host government. The security

depends on that above all. The objective is to equip the Marines to help get people to safe haven, and to get there themselves at the right moment.

Mr. YATRON. Thank you, Mr. Saunders.

Mr. FASCELL. Would the gentleman yield for a question.

PUBLIC RELEASE OF DOCUMENTS ON UNITED STATES-IRAN
AGREEMENT

Mr. Saunders, what documents of these agreements have not been made public?

Mr. SAUNDERS. Well, there is no intention to have any document remain secret. I assume that all have been conveyed to the Congress in one way or another. We certainly—if that has not been done—would intend to do that.

The documents that appeared in the New York Times I think were the two declarations of Algiers, one dealing with the overall settlement and the other dealing with the claims settlement procedure.

Mr. FASCELL. How about the bank annex?

Mr. SAUNDERS. The banking annex can be made available. We intend to make sure that the banking committees have it when we testify there. So there is every intention to provide it.

There is one document that we kept out of the press, did not release at the time, called "Undertakings of the Two Governments." That was a document that simply contained the numbers, the way in which the escrow account was going to be distributed. That is being made available to the committees of the Congress this week, because we feel it should be part of the record.

As part of this exercise, therefore, there will be no agreements that have not been made available to the Congress.

Mr. FASCELL. Thank you.

Chairman ZABLOCKI. Mrs. Fenwick.

Mrs. FENWICK. Thank you, Mr. Chairman.

I would like to associate myself with the remarks of Mr. Hamilton concerning the help that you have always given this committee, Mr. Saunders. It has been greatly appreciated.

Mr. SAUNDERS. Thank you.

U.S. HONOR

Mrs. FENWICK. I would like to say also that I don't consider in all this—this incident, if we can call it that, this outrage—that our own country's honor has been in any way tarnished. I think what has happened has been a disgrace for the country of Iran, with its long tradition in culture and science and art, and so many other fields, and its high principles of Islamic religion. That nation's honor has been tarnished, those principles have been outraged by a situation which perhaps they could not control.

In any case, I think we have seen a new face of terrorism when those who are in power, however shakily, do not even try to live up to international obligations. That is something new. I would like to ask you two questions in regard to that.

EMBASSY SECURITY

One, when you speak of hardening our Embassies what exactly are you talking about? Second, or in relation to that, was there any truth in the newspaper report that the door to the second floor was opened because one of the security guards had a knife or pistol at his neck, and the door was opened in order to spare his life, thus giving not enough time to the shredding of documents?

INTERNATIONAL ACTIONS AGAINST TERRORISM

Now, the second question I wanted to ask you was if there is any hope or merit in following a plan that the Airline Pilots Association suggested at the time when there were so many hijackings.

These people who did the hijacking, risking the lives of the pilots and passengers, were given asylum in countries that obviously did not find such terrorism odious. They proposed—and I thought it was an excellent idea—that no country should allow its planes to fly into a country that gave such asylum, that they would use no airport which served any airline that had traffic with this asylum country.

In other words, if somebody wanted to fly into Kennedy, they could not use that airport if that airline's planes had traffic with the asylum country.

It seemed to me a very fine international reaction. I think it had something to do with cutting down on the incidence of hijacking.

If we could get agreement with the major countries that have airplanes, would that be a plan that we ought to apply when a government does not do everything to rescue prisoners or hostages taken by terrorist acts?

Mr. SAUNDERS. Let me begin, if I may, responding to your questions by just sharing your initial statement of feelings.

The fact that we were able in the end to get all 66 or 72 people out of Tehran alive I think is a tribute to our Government. We did put human life high on the scale. We did show restraint throughout all of this.

Mrs. FENWICK. I agree.

Mr. SAUNDERS. I personally feel that that is a credit to the United States. So I am glad that you have made that point.

EMBASSY SECURITY

Second, what does hardening mean, when I use that phrase, in connection with an embassy? In Tehran, bullet-proof glass was put in all the windows. In some particularly vulnerable places, windows or doors were bricked up. Metal sandboxes were placed to stop any stray bullets that might come through. Electronically controlled teargas dispensers were placed in key places. Steel doors at key points of movement within the Embassy were either installed or were strengthened and so on.

It is that kind of effort, and that depends obviously very much on the nature of the building you are dealing with. Each building will have its own particular solutions.

I might also add that one of the important aspects is some way, safe way out of the place, because the people in the Embassy in Islamabad were at the top of a burning building and ultimately the

floor got so hot that the carpet was turning brown. They went out through the roof, through a trap door in the roof.

So, you have to worry about getting out as well as getting into the safe haven.

As far as the story about the opening of the second floor door is concerned, I had not heard that. I don't say it didn't happen or that somebody on the scene among the hostages would not come up with that story.

I was on the telephone with the officer, one of the officers in the Embassy throughout the seige, and I never heard that mentioned, and I have not heard that mentioned since they came back.

Our security officer was outside the building at the time and was harshly treated, to put it mildly. But I never heard that described as a reason for opening the door. I think the decision to surrender was made at a point when it looked as if no governmental help was coming, and in the end the people there were going to have to deal with those attacking the Embassy.

Mrs. FENWICK. How long did they wait from the attack to the time they decided to surrender?

Mr. SAUNDERS. About 3 hours.

Mrs. FENWICK. I see. Now, the second "what do you think," because our time is running out.

INTERNATIONAL MEASURES AGAINST TERRORISM

Mr. SAUNDERS. I think it is one of the ideas that should be explored. It falls into the category of international measures that I think should be agreed on in advance. We did consider during the 14 months themselves sanctions against Iran Air, cutting off Iran in that way.

There were reasons at the time why it was decided not to do so. For one reason, we simply wanted to preserve some kind of communication in and out for our purposes. That is a factor that one has to consider, but it is certainly something that bears serious study.

Mrs. FENWICK. If it were in place, it might be a deterrent?

Mr. SAUNDERS. It is certainly something that people ought to have the legal authority to do, if they judge it is going to be useful in a given case.

Mrs. FENWICK. Thank you.

Thank you, Mr. Chairman.

Chairman ZABLOCKI. Mr. Mica.

Mr. MICA. Thank you, Mr. Chairman.

Several points I would like to touch on. Maybe I will make a comment or two, and then list the questions and come back, and what we have not finished, maybe we could get for the record later on.

First, I would like to concur with my colleague that Iran is the tyrant here. The United States is not on trial. We are not looking into the U.S. improprieties. We feel certainly, although there are disagreements the way we handled it, the world agrees that Iran is the one with the black eye.

SIMILARITY OF UNITED STATES-IRAN AGREEMENTS TO EGYPT-ISRAELI
ACCORDS

Second, I must say that I personally disagree with your feeling that this agreement would be likened to the Egypt-Israeli peace treaty or a treaty after a war. I don't think in my mind it is appropriate to put Israel or any other nation in a war in the position of the militants who invaded the Embassy.

I don't think it serves any purpose to say that agreements that are reached as a result of war are the same as terrorist activities, nor the POW's that you indicated and other treaties that resulted from war.

I would also like to join with you in commending the Algerians. From what we have seen in this committee, I think they have done an excellent job.

The first question. A policy of swift retribution has been enunciated. Do you agree with that policy?

Mr. SAUNDERS. Let me just respond to one of your points. You made a good point, and I ought to say something in connection with it.

In commenting on the Arab-Israeli agreements, I in no way intended to liken any party to those agreements to the terrorists who took over the Embassy. I was thinking of a very specific legal argument that I have dealt with over time, that technically when one party is under duress, the agreements are void.

I was thinking simply of situations which might constitute duress. There is no similarity between the Arab-Israeli issue and the negotiations with Iran, other than that rather technical legal point.

So, I am glad you gave me an opportunity to clarify that point because I would not want to be misunderstood in that way.

POLICY OF SWIFT RETRIBUTION

As far as your question is concerned, there is a very difficult judgment that has to be made at the beginning of any one of these situations, and that judgment is what price will you pay to save the human lives involved.

It may be that in certain circumstances the threat of swift retribution quietly conveyed, so as not to put the other party on the spot, may have great effect in getting the hostages released.

The problem in Iran was that there was no authority at the other end that you could be sure could respond to that kind of threat. If you are going to apply it, you need to apply it to the body that has the capacity to produce your solution.

Mr. MICA. Then you would agree to that approach—

Mr. SAUNDERS. I would put it on the list of options in any situation. But I would not want to say in advance that it will apply in any situation that you might face, because what we find so often in terrorist kidnappings all around the world is that the first thing that needs to be done is to calm the situation, open some sort of communication with the captors, the situation, again trying to talk them out of what they have done, and to avoid a situation which they feel they have to lash out at their prisoners.

That is the approach that I would try first, but I would not want to rule out the possibility of using threats if there is a body at the other end that can respond.

Mr. MICA. Well, if I may, you are referring to the safety of the prisoners. I know and realize—and we are thankful that this situation was resolved the way it was, because the safety of the prisoners was paramount. But I think in a policy of swift retribution, as I would understand it, that lives would have to be—that the safety of the hostages, individuals, may have to be set aside for national purposes and goals.

I would take it, then, you would feel that the life of a single hostage or a group of hostages should be considered above and beyond the total picture of the policy—it should not be a policy of swift retribution?

Mr. SAUNDERS. I have lived through a number of these things as an American official in a responsible position. I have always felt that my obligation was to accomplish two objectives, not one or the other.

My feeling is that the objective is to get the people out alive while preserving the national interest. This has been a long and unique situation. I agree with Mrs. Fenwick that we came out with our honor intact. Others may want to argue about that, but that would be my position.

It is always the two objectives that you have to have in mind. You are not going to find any human being in a position of responsibility I think who is going to say, well, we will write off those lives. I have never seen anybody in government who would be willing to do that.

Mr. MICA. Are there any nations that have a policy of just no negotiation with terrorists?

Mr. SAUNDERS. The Israelis claim to have that policy. I have not gone back and looked at the record of every one of their situations that they have been in. I think a policy of not negotiating with terrorists is one thing. We have no desire to negotiate with terrorists—if by that you mean make concessions, pay ransom and that sort of thing.

What we do do, which happens whether the Hanafi Muslims take over the B'nai B'rith headquarters in Washington or somebody takes over an embassy somewhere, what we do do is open lines of communication to see if there is a peaceful solution to the problem. That, it seems to me, is a matter of high principle.

Mr. MICA. Mr. Chairman, if I may state the question—

Chairman ZABLOCKI. The Chair wishes to apologize to the committee and our witness today, but I must appear at the House Administration Subcommittee on Accounts. Although this hearing is very important, getting the funds for the operation of the Foreign Affairs Committee is also important.

I wish to excuse myself. The gentleman from Florida will be recognized for an additional 30 seconds. Mr. Solarz will take the chair.

Mr. SAUNDERS. Thank you, Mr. Chairman, very much.

Mr. MICA. Thank you, Mr. Chairman.

I will state the question. Maybe the response in writing at a later time would be appropriate.

GEOPOLITICAL CONSIDERATIONS

You indicated that one of the considerations in dealing with Iran was the geopolitical location, the geographic location, the political necessity of maintaining relations with a country that may have, I would guess, strategic materials, maybe a primary one being oil.

In my mind that type of approach could have far-reaching policy determinations for future relations in the entire Middle East.

So, the question would be, should terrorist groups or terrorists deserve greater consideration where they are in an area that has a strategic importance?

Mr. SAUNDERS. The answer is very simply no. I don't see any reason to give terrorists any particular consideration wherever, in whatever country they are located. You cannot maintain a strategically important relationship with the government unless there is a responsible government in power, and that is indeed one of the main problems, or has been one of the main problems in Iran.

But we never thought of giving special consideration to Iran because of the strategic location. That question arises when one begins to look at the question of future relationships with the country—now that our hostages are free.

Mr. MICA. Thank you.

Mr. SOLARZ. Mr. Erdahl.

ADMISSION OF THE SHAH TO THE UNITED STATES

Mr. ERDAHL. Thank you very much, Mr. Chairman.

Thank you for being with us today, Mr. Saunders. You have already touched on a difficult question, the decision to admit the Shah in the first place. Once the hostages were seized, I really cannot find so much fault with the way the past administration handled the situation.

As you pointed out, and as Mrs. Fenwick eloquently pointed out, the hostages all came back alive and our honor as a nation I think remained intact. Yet, the President obviously knew at that time, being advised evidently by Mr. Laingen, Mr. Sullivan and others, that we would put the Embassy and its employees in a risky situation by admitting the Shah. Obviously we could send a team of doctors from the Mayo Clinic in my district, or other medical people, to treat him anyplace in the world. So, I have to believe that the State Department officials must rely on people on the scene for their advice.

Who in the world suggested to the President the Shah be admitted for treatment to this country? Who influenced the President?

Mr. SAUNDERS. First of all, the question of the Shah's coming here was an active issue from the end of 1978 on, and indeed we had at that time, when there was a duly constituted government in Iran, issued him an invitation to come. It was only later when that government fell and there was a different government in charge that we thought maybe the time would not be right.

So, it was weighing on people's minds throughout the year that here was a man who would like to come here, and we were somehow acting inconsistently with our traditions in not allowing him to do so.

At the time when he was ultimately admitted, information was provided to us by mutual friends that he was ill. We then had our medical people be in touch with the medical people who were examining the Shah and worked up a medical evaluation of the situation.

It wasn't that somebody raised the question. The question was there throughout the year, and the question was made an urgent one by the diagnosis of illness.

Mr. ERDAHL. All right. As you pointed out it is an obvious fact that hindsight is usually 20-20 vision, and we can see things that might have gone wrong, that we did improperly.

PROTECTION OF U.S. EMBASSIES

But looking to the future you mentioned the need to strengthen our embassies and to harden them. Even if we do that to a very great degree, aren't we as a Nation, and I suppose it applies to every nation, aren't we dependent basically on the host country to protect our personnel?

Mr. SAUNDERS. Yes. There is no substitute ultimately for the protection of the host government. Of course, that is what was missing in the Tehran situation. That is what saved our people in the Islamabad attack.

USE OF MILITARY FORCE

Mr. ERDAHL. Another point, to follow up on one of my colleague's questions, if I could, Mr. Chairman. Evidently there was a decision made very early not to use any military type of force. Maybe that was a wise decision to make. It seems to me very unwise to make that public.

It might be a wise decision in a situation like that, to say a small contingent of Marines can in no way militarily protect a group of Americans. But should we have it as a known or public policy that these Marines don't have bullets for their guns? I think to have that as a backup, as a possibility in facing a mob, is a pretty good deterrent.

As a policy, we should not remove retribution from our list of options, as you, I think, properly stated. It seems like bullets for a gun should not be eliminated as an option, at least when we face a possible mob.

Mr. SAUNDERS. Well, it wasn't a widely publicized policy until we had to answer a lot of questions in the Congress and the press about what our policy was. We tried to keep it secret. In a democracy, properly these things always come out.

It may be that we can restore some of the ambiguity you are recommending to the situation, once we all get through assessing what the best policy is in the future. I think the Marines do have weapons, and do have ammunition for them, but the judgment has normally been on the ground that the best thing to do is not to use those weapons. That was Ambassador Sullivan's recommendation in February during the first takeover.

Mr. ERDAHL. I yield to my colleague from New Jersey. I have no further questions, Mr. Chairman.

Thank you very much, Mr. Saunders.

Mr. SAUNDERS. Thank you, sir.

Mrs. FENWICK. I thank my colleague for yielding.

I cannot understand it. I don't see why if you are going to harden the embassy, and install bullet-proof glass and all these boxes to absorb bullets, why don't you put a machinegun in every window and shoot back at anybody who fires on our own people?

I don't understand the thinking that says we are going to have guards, but they cannot guard.

Mr. SAUNDERS. I think the rationale is that in situations unlike the one in Tehran, you may want to live there the next day. For Americans to be shooting people in their own countries——

Mrs. FENWICK. When they are attacking our Embassy? It is normal, surely, to defend yourself. I just don't understand a policy that says we have Marines, but they cannot do anything.

Mr. SAUNDERS. I think most governments, our own included, in mob control cases try to use devices other than lethal weapons. We here use teargas, rubber bullets, and a variety of devices like that. So, I guess there is a principle in dealing with mobs that shooting is a last resort.

Mrs. FENWICK. You start with teargas, and you shoot that out every window. If it doesn't seem to work, then you move on to something more effective, it seems to me. I don't understand the theory.

Mr. SOLARZ. On that note, let me say the gentleman's time has expired. Perhaps we will get greater wisdom as the questioning proceeds.

The gentleman from Connecticut, Mr. Gejdenson.

Mr. GEJDENSON. Thank you.

ASSISTANCE FROM U.S. ALLIES

One of the feelings I think many of us had at least during the initial days of the taking of the Americans, and it persisted throughout, was the failure of our traditional allies to be helpful, whether politically or economically in the sense that even some countries that we have had traditional friendly relations with took economic advantage of the situation that America had withdrawn itself from any economic dealings with Iran.

If that is inaccurate, do you have any examples of what, say, the Governments of France, Germany, England or Japan—and maybe list those four countries separately—did with economic pressures trying to force the people in power in Iran to release the hostages? What positive actions were taken by those governments?

Mr. SAUNDERS. All those governments agreed to join us in the imposition of economic sanctions against Iran. We tried first to get a Security Council endorsement of those sanctions but were blocked by the Soviet veto in early January.

We then asked friendly governments if they would impose those sanctions on their own as if the U.N. Security Council resolution had been passed. Some of them had legal difficulties in doing so without the underpinnings of the U.N. Security Council resolution. But all of them by April had imposed such sanctions.

Now, what that amounted to is imposing a ban on the export to Iran of all commodities except for food and medicine. It was slow because of the legal complexities. You know in our own country

there are certain stages you have to go through, certain legal procedures to take such measures.

That is why I keep coming back to the idea that one of the things we can learn from this is the necessity to talk with these other governments now, while nothing is going on, about what they need to do internally, in terms of legislation, to be in a position to impose sanctions, not 6 months after the crisis has started, as in that case, but 6 days or sooner.

I think the problem was not that the allies didn't stand by us in the end, but that it was a slow and laborious process to get those sanctions in place. Indeed, for some of them they did so reluctantly, but in the end they did stand by us, the four that you are talking about particularly.

BLOCKADE OF IRAN

Mr. GEJDENSON. What about the possibility of setting up a timetable for a blockade in the early days. Why was that not used?

Mr. SAUNDERS. A blockade, of course, would have been a military complement to the kinds of sanctions that I just mentioned. I think it was decided each time we considered it that we ought first to exhaust all peaceful remedies. This was a move that would have cost us some support among the nonaligned nations of the world.

Fortunately, we did have widespread support in the United Nations, and in the Islamic Conference, for instance, a number of people spoke out against what Iran had done. So, we were not eager to move to a military sanction if we could accomplish the main purpose of it by cutting off the flow of goods at the source rather than cutting them off at the point where Iran would receive them.

It was an option throughout. We just felt that on balance our purposes could be accomplished other ways, and that we should perhaps stick with the other ways. But it always ought to be on the list as one of the possibilities.

IMPACT OF SOVIET INVASION OF AFGHANISTAN

Mr. GEJDENSON. I think that the Soviet invasion of Afghanistan and its implications for Iran strengthened the United States negotiating position more than either the fighting between Iran and Iraq or any direct pressure by the United States Government on Iran. Is that accurate?

Mr. SAUNDERS. In the period right after the invasion of Afghanistan, the period of January to March, when we were actively engaged in negotiation with the Iranians, I think it did have a positive effect because the people then in authority in Tehran were sensitive to the Soviet threat. They saw very clearly what the Soviets had done in Afghanistan, and what that implied for Iran.

The Islamic authorities seemed to pay less attention to that after they came to the fore following the parliamentary elections in the spring. It depends largely on who is in the forefront in Iran.

I suspect that in the long term, fear of the Soviet Union will play a major role in the thinking of anybody in authority in Tehran. That is one of the elements of the kind of mutual assessment of the situation that I spoke of in answering Mr. Hamilton's question

about a potential dialog with the Iranians on common interests, because that is the principal interest that we share.

BILATERAL AGREEMENTS TO DEAL WITH TERRORISM

Mr. GEJDENSON. As far as a response by allies and other nations of the world to similar terrorist activities, it would seem to me that the most prudent route for us to take at this point would be to go to bilateral agreements with nations rather than simply turn to international organizations.

Mr. SAUNDERS. I would agree with that. I think it is not an either/or question. I would prefer to see us do what we can in the United Nations.

In the first instance I would plot conversations very actively in the weeks ahead with a dozen key governments in the world, and then if we all decide that something is possible individually on that, one can go to the General Assembly in the fall, or whatever body seems to make sense.

Maybe the Airlines Association or whatever specialized agency may have a role to play.

Mr. GEJDENSON. Thank you.

Mr. SOLARZ. The gentlewoman from Maine.

Mrs. SNOWE. Thank you.

EARLY COMMUNICATIONS WITH KHOMEINI AND OTHER REVOLUTIONARY AUTHORITIES

Mr. Saunders, you mentioned in your testimony on several occasions that gradually contacts were expanded; the Embassy was in touch with most of the important secular officials; and that we were establishing lines of communication with Iranian authorities. That is related to the question that I have.

The former Ambassador to Iran, Ambassador Sullivan, had charged some of his warnings to Washington were ignored and that others, no matter how classified they were, appeared verbatim in the New York Times.

But he saves his major criticism for the cancellation of the Theodore Eliot mission. He said that the Secretary of State, then Cyrus Vance, approved the idea of sending Eliot on a mission to see Khomeini.

In January 1979 this idea was rejected. Sullivan feels it was an irretrievable mistake. In fact, the Shah expressed disbelief of the United States that this mission was canceled.

Were there any plans to contact Khomeini himself and, if not, why not? Second to that question, what was the purpose of Robert Huyser's mission to Iran?

Mr. SAUNDERS. All of the Sullivan comments, almost all of them that you referred to, referred to the period prior to the success of the Islamic revolution and not to the period after.

Yes; there was a plan to send former Ambassador Eliot to see Khomeini in Paris, and we did not follow through with that mission. Later on, after the revolution had come to power in Iran, there was a continuing question as to whether first Ambassador Sullivan, while he was still there, or later on our chargé d'affaires should be sent to visit with Khomeini.

On balance, I guess there was an aversion to appearing to pay special attention to that particular individual. I myself would have recommended that we do that, but that was not the decision that was made.

Mrs. SNOWE. In fact, we did not establish any contacts with the religious leaders in Iran.

Mr. SAUNDERS. Yes. We had more than we are generally given credit for, both before and after the revolution. It is interesting how many members of the revolutionary council that Khomeini established after the revolution were people that Americans had been in touch with over the previous 6 months.

They don't like to acknowledge that, but I think what you are really referring to is not just being in touch. It is a step beyond that, showing some kind of recognition, symbolic recognition of the man who came into power.

ACCURACY OF INTELLIGENCE ANALYSIS

Mrs. SNOWE. Two years ago you mentioned within this committee it was a lack of analysis that failed. It was just a lack of events that came together and created this explosion in an unpredictable way.

If that was the case, why couldn't we at least have predicted our situation in terms of embracing the Bakhtiar government, which obviously did not enjoy the popular support in Iran, and was unlikely to gain that support simply because he was hand picked by the Shah.

Couldn't we have approached it more prudently, realistically, by hanging back, assessing the situation and the Iranian people's response to the Bakhtiar government? We learned a lesson in not anticipating the Shah's downfall. On the other hand, couldn't we have anticipated what would happen if we were to embrace the Bakhtiar government?

Mr. SAUNDERS. You have outlined the second option that was discussed throughout this period. There were thoughts, while the Shah was even still in Iran, urging him to form some kind of broader council that would have been an element in making an orderly transition from his regime to something that followed on.

Subsequently, the point that you made—that is, hanging back, not associating ourselves with the Bakhtiar government—would have been a later version of the same kind of approach. That is an option.

The other option is to stand by the duly constituted government and help it preserve its authority in order to preserve order in the country. That is the policy decision that has to be made in a situation like this.

I think those two options will always be present. The decision will depend on the circumstances and on the decisionmakers. All you can do at this point is to say quite rightly that you have outlined the other possible option and it is one that will always have to be considered.

EFFORTS TO EXTRADITE THE SHAH FROM PANAMA

Mrs. SNOWE. Could you shed some light on the contradiction that seemed to emerge, at least based on an ABC news report—was Hamilton Jordan on one hand, working with the Panamanian Government to assist in the arrest of the Shah while, on the other hand, Lloyd Cutler was arranging for the departure of the Shah?

Mr. SAUNDERS. That program had several inaccuracies in it. One of them was that it failed to reflect the fact that from January on, whenever the question of linking an arrest of the Shah or the extradition of the Shah in Panama to the negotiating track that we were pursuing, sending a U.N. commission to Iran, working for the release of the hostages, whenever the question of linking those two things came up, we said we do not think it is wise to link the two.

Later on during the Cutler-Jordan visit in Panama, we told the Panamanians we could not condone, we could not be party to any effort to arrest the Shah. So I think the problem in the ABC account is that it doesn't present a fully rounded picture because Jordan was never working in the direction that the ABC report indicates.

Mrs. SNOWE. Thank you, Mr. Chairman.

Mr. SOLARZ. The gentlewoman's time has expired.

The gentleman from California, Mr. Lantos. I think, Mr. Eckart, you came in after the hearings began. You will have your chance soon.

Mr. LANTOS. Thank you, Mr. Chairman.

MISSION OF GENERAL HUYSER

Mr. Saunders, I have several questions. But before I get into mine, I would like to follow up on a question that the gentlewoman from Maine raised, and I don't think you had an opportunity to respond to, specifically, the mission of General Huyser.

As I understand it, General Huyser was the No. 2 man at NATO. He was sent to Iran in January 1979. Knowledgeable speculation at the time was that the purpose of his mission was to bring about a transfer of authority to the Iranian military.

Would you care to comment on that?

Mr. SAUNDERS. I would need to go back and review the record in detail before commenting in detail. That seems like a long time ago at this point. It was a complicated and difficult mission which was very closely held.

The point during that period was really to determine what the role of the military might be, and to talk through with the Shah and the military leadership what role the military might play in preserving order in Iran in a transitional period.

I think to go much beyond that and get into the details, I would really need to go back and review the record myself.

INTELLIGENCE ON STABILITY OF THE SHAH'S REGIME

Mr. LANTOS. Well, it seems to me those details are pivotal to this incredible debacle of our policy with respect to Iran. So, let me go back a bit further, because I am somewhat disturbed that we are devoting all of our time to the crash landing and none of our time to the takeoff.

On December 31, 1977, President Carter indicated—and I think I am quoting him accurately—that “Iran is an island of stability in an ocean of turmoil.” I was there 6 months later, and it was nowhere near an island of stability in an ocean of turmoil.

The President, in that same speech, indicated that the Shah was beloved by the Iranian people. Now, you were in charge of the State Department’s geographic arena which presumably briefed and prepared the President on that mission to Iran.

Mr. SAUNDERS. Not at that time.

Mr. LANTOS. Did you advise him or do you think the State Department advised him correctly, that in fact Iran was an island of stability in an ocean of turmoil?

Mr. SAUNDERS. No; I did not participate in that. I was not in the Near Eastern bureau at that time. I think in general terms if one looks at the posture we took toward Iran, one gets back to the question of—the basic question—did we see trouble brewing in Iran?

Certainly I guess most people in Washington, most people in the academic world, felt that the Shah had the capacity to continue to provide orderly government in Iran. It was recognized that his was not a broadly participatory political system, and that there would be pressures building up over time.

The question was whether or not the Shah could maintain control over the situation. I think the judgment at that time was that he could.

The other question that was raised in the Shah’s own mind, I think, was how to broaden participation in the Iranian political system to match that in the economic system, so that an explosion could be avoided.

Obviously that problem was not resolved adequately. There is also a question as to the extent to which an outside power can affect the course of domestic policy in a situation like this.

Mr. LANTOS. Well, we were not just an outside power. We had 1,400 Government officials and 45,000 U.S. citizens. As you well know, the United States was an enormously major influence within Iran for decades prior to this debacle. Therefore, our influence was really not at issue. We had enormous influence.

The question is why suddenly we went from the Shah to the Ayatollah. In the unfolding of a revolution, there are always moments, I believe, Mr. Saunders, when third options are open.

MISSION OF GENERAL HUYSER

The General Huyser mission was specifically designed, as I understand it, to move in the direction of that third option, to recognize that the Shah might not stay in power, and to prevent the Ayatollah from coming into power.

This was not just a side issue. This was a major mission. This was the No. 2 man at NATO, General Haig’s deputy, who went there at a very critical moment. I, for one, would be grateful if you would submit to the committee in writing your understanding of why the Huyser mission failed.

I do have one more question, Mr. Chairman, if I may.

Mr. SOLARZ. Very well.

ROLE OF THE SOVIET UNION

Mr. LANTOS. How would you characterize in specific terms the role of the Soviet Union during this whole episode, Mr. Saunders?

Mr. SAUNDERS. They did very little that was helpful to us during this situation. They blocked some of our international efforts, such as the effort to impose sanctions through a United Nations Security Council resolution.

From time to time, their propaganda was unhelpful. They, of course, were maneuvering throughout this period to enhance their own influence in various groups in Tehran. At the same time, I don't feel that one can say that they were a dominant factor in what happened in Iran.

I feel that the Iranian revolution was essentially made in Iran and was the outgrowth of an internal Iranian dynamic. The Soviets, of course, as we earlier said, are a threat to the independence of Iran, and that has been recognized throughout.

Mr. SOLARZ. The gentleman's time has expired.

The gentleman from Illinois, Mr. Findley.

Mr. FINDLEY. Mr. Saunders, I welcome this opportunity to express my personal gratitude to you for the splendid service you have rendered your country. I regret that you are no longer in that same capacity that you held just a month or so ago.

I think you have been an outstanding public servant. I don't know what your future holds, but the Government is going to be the poorer for it if you are not a part of the Government. I thank you very much.

Mr. SOLARZ. Will the gentleman yield?

Would you think that he would have been more outstanding if we had an embassy in Aden?

Mr. FINDLEY. It would have helped indeed.

Mr. SAUNDERS. Thank you, Mr. Findley.

ROLE OF THE PLO

Mr. FINDLEY. Mr. Secretary, there have been some editorial comments that have sought to portray the role of the PLO in the hostage episode as a destructive one. You have been in a very unique position and know exactly what has gone on in our relationship with the hostage question, including whatever efforts, if any, the PLO exercised, either in a positive or a negative way.

To your knowledge, did the PLO, as an organization, have any role in the takeover of the Embassy in Tehran, or in the continued holding of our citizens?

Mr. SAUNDERS. Not to my knowledge. The only reports that I have seen on that subject indicated that perhaps some of the individuals involved in the takeover had been trained in PLO camps in earlier times, or had some sort of association like that with the PLO out of the past.

Mr. FINDLEY. Do you have any evidence that these individuals were acting on instructions from PLO headquarters in whatever they did in connection with the hostage problem?

Mr. SAUNDERS. No.

Mr. FINDLEY. To your knowledge, did the PLO, as an organization, cooperate in any efforts to bring about the release of the hostages?

Mr. SAUNDERS. Yes, they did, in one particular occasion, and perhaps more generally in the earlier days when the hostages were in captivity. Let me step back for a moment, if I might.

We have a general policy, of course, of not negotiating with or recognizing the PLO until they accept U.N. Security Council Resolution 242 and Israel's right to exist. That came out of our earlier experience in the Arab-Israeli negotiations.

We have, however, said publicly on a number of occasions that we have contact with the PLO in Beirut on matters where the security of Americans is involved.

The PLO had had an active and close relationship with the Iranian revolutionaries in a series of circumstances over the years, and most recently before the hostage taking, while Khomeini was in Paris.

You may recall that Yasir Arafat was one of the first visitors to Iran after Ayatollah Khomeini returned to Iran. So obviously it was an organization with influence and contacts in Iran.

In the context of dealing with the PLO, to assure the security of Americans we made sure that the PLO, as well as a number of other organizations, and as well as a number of other governments around the world, knew what our position was.

We had reason to believe that they played a role in the release of the first 13 hostages who arrived here that first Thanksgiving Day. I do not to this day know what that role was because it is virtually impossible from the outside to understand the decisionmaking processes in Tehran.

I simply know that they were involved and were among the parties who informed us of the release when we first learned that it was pending.

Mr. FINDLEY. Even though our government doesn't have direct communication with the PLO, except in some rare humanitarian circumstances, we have ways, of course, of getting signals back and forth.

Did you have any signal of any kind during this dreadful episode that the PLO as an organization was being unhelpful?

Mr. SAUNDERS. No, I don't recall any. I might say also that we understood the position of the PLO. I think it was publicly stated at the time they sent a mission to Iran, that they were sending the mission to look into the problem of the hostages in Tehran for that purpose and that purpose only.

They said they were not using whatever they might do on behalf of the release of the hostages for any broader political purpose. They did not seek any quid pro quo, and certainly none was offered.

Mr. FINDLEY. They made that declaration or left that understanding. Do you have any evidence that their actions were to the contrary?

Mr. SAUNDERS. No, I don't.

Mr. LANTOS. Will the gentleman from Illinois yield?

Mr. FINDLEY. I am afraid I am out of time. I have one more question I would like to ask. I hope this will all be pursued. I have a broader question, Mr. Chairman.

U.S. REACTION TO SIMILAR EVENTS IN OTHER COUNTRIES

What if similar events to what happened in Iran in 1978 were to occur in Saudi Arabia? What could we do in those circumstances that would be more helpful to U.S. interests than was done in Tehran?

Mr. SAUNDERS. That is a hard question to answer in a few seconds.

Mr. FINDLEY. Take your time.

Mr. SAUNDERS. I think that one of the things that one would want to do would be to address such questions as the second option that Mrs. Snowe raised, or the third option that you raised, sir.

One would have to review the full range of possibilities from the beginning of a political situation that seemed to be headed in that direction. I think that is the place where one starts. But it is very difficult, despite the presence of lots of Americans in Iran, to manipulate the internal politics of another country.

I have thought about this very hard in relation to other countries. Let's just say that you see a political problem, such as corruption in one country or another. Figuring out what you as an outsider can do to remove that possible source of political trouble is not easy.

Who goes to the leader of the country and sits down with him and says, "Now, about this business of corruption, we really think you ought to stop it, and here is the way to do it"? Or there are other political problems that one country or another might face, such as broadening political participation, as was the case in Iran.

It is a pretty presumptuous thing to go and tell the leader of another country that you know more about what is going on in his country and how to run it than he does. You may be right. But it is still a presumptuous act when it comes to one leader inflicting it on another.

So, it is not an easy problem to resolve. I guess one of the beginnings of an answer to your question is to see whether there is some way that you can jump in early in the game and influence the course of events.

I don't hold out high hopes that that is going to be possible because I still feel—and I have watched the secession of Bangladesh, watched the revolution in Iran—when some of these movements gain momentum, it is very hard for outsiders, no matter how many they might be inside a country, to stop something that is involving millions of people inside the country, and grassroot feelings of antagonism toward an existing regime.

Mr. SOLARZ. The gentleman's time has expired. I think the time of the acting chairman has arrived.

Mr. Saunders, first of all, let me say that the members of the committee all appreciate the extent to which you have shared your wisdom with us in the past. We very much look forward to hearing from you from time to time in the future. We certainly appreciate your coming today.

ROLE OF THE PLO IN RELEASE OF THE HOSTAGES

Is it your testimony, sir, that we solicited the support of the PLO in an effort to secure the release of the hostages?

Mr. SAUNDERS. I don't think I would use the word solicited. As I said earlier——

Mr. SOLARZ. Did we seek it out?

Mr. SAUNDERS. As I said earlier in response to a question, our strategy was to flood those individuals, organizations, governments, with our concern, to urge them in their particular ways, through their contacts, to make representations on behalf of the release of the hostages and so on.

In that context, we made our position and concern known to them along with a number of others.

Mr. SOLARZ. So the answer is yes, we did solicit the support of the PLO, as we solicited the support of other individuals and organizations and countries for help in securing the release of the hostages?

Mr. SAUNDERS. Yes. My concern with that sentence of yours, though, is when it comes down to one phrase and one sentence by itself, apart from everything else I have said, it becomes the headline, and it is inaccurate when stated as one sentence, unfortunately.

Mr. SOLARZ. But I must say I find your answer very troublesome and deeply disturbing. It seems to me what you are saying is, in the event that American diplomats are seized by some terrorist outfit in the future, that it is our policy to seek the support of anyone who can be helpful, no matter how objectionable, no matter how loathsome their activities or associations may be.

It seems to me that there ought to be a limit beyond which we will not go. I don't think it is appropriate for the police to enlist the support of the mob in order to solve some of the problems that confront them.

Aren't you at all concerned that in the process of soliciting support from organizations that are committed overtly and publicly to the very actions and activities we are attempting to deal with, as we were in Iran, that we will in effect legitimize what they are doing, by dealing with them?

Mr. SAUNDERS. Not necessarily, if you are dealing with them in the reverse of those actions. You are not dealing with them in any way to support terrorism. You are dealing with them in a way to end it.

Mr. SOLARZ. Well, I must say, I don't find that answer satisfactory, anymore than I think it was satisfactory for us to enlist the support of Colonel Qadhafi. I mean, there ought to be some judgment and some discrimination here.

It seems to me that the prospects of success in this undertaking, when compared to the legitimization which one bestows on such individuals is such that the judgment is not justified.

Let me move to another question, Mr. Saunders.

CONSIDERATION OF EVACUATING ALL U.S. EMBASSY PERSONNEL

Did anyone in the Embassy in Tehran, following the time when we decided to admit the Shah to our country, request from Wash-

ington that a decision be made to evacuate the Embassy, or draw down the number of personnel there?

Mr. SAUNDERS. Well, there is no telegram to that effect.

Mr. SOLARZ. No phone call, no request that you are aware of?

Mr. SAUNDERS. Not that I am aware of.

Mr. SOLARZ. Was there any time subsequent to the admission of the Shah to our country, and the seizure of the Embassy in Tehran, when the officials in the State Department and in the White House responsible for this situation actually met and consciously considered the question of whether or not to evacuate the Embassy, given the fact we had decided to admit the Shah?

Mr. SAUNDERS. I cannot cite a specific meeting, but there were discussions of this. I cannot cite you a day and an hour, but there were discussions of this issue.

Mr. SOLARZ. What discussions?

Mr. SAUNDERS. Discussions of the issue of whether or not more people should be pulled out. The judgment was—as I said earlier in response to a question—perhaps you could thin out a handful of people, but by and large the judgment was that if we were going to stick with the original decision, to maintain the presence there, that the objective should be to do that, and to enhance security to the maximum degree.

Mr. SOLARZ. What I am trying to get at is, was a conscious decision made by those responsible to keep the people in the Embassy in Tehran following the decision to admit the Shah, or was in effect the decision made by inadvertence in the sense that a conscious decision was never made to pull them out?

Mr. SAUNDERS. No, I think there was a conscious decision.

Mr. SOLARZ. To what?

Mr. SAUNDERS. To do what was done.

Mr. SOLARZ. And who participated in that decision?

Mr. SAUNDERS. Again, since I cannot cite a particular day and hour, the people who were involved were the key people in the State Department, the Secretary, the Under Secretary, myself, a handful of others who were engaged in that sort of problem.

U.S. RESPONSE TO SIMILAR SITUATION: NEGOTIATION OR NON-NEGOTIATION?

Mr. SOLARZ. I have one final question, which seems to me to be the central question posed by this whole sad and unfortunate experience. It has been touched on by some of the others, but I would like to reformulate it and recapitulate it, if I might.

Based on our experience here, should we be confronted with a similar situation in the future, ought we to attempt to secure the release of our hostages through a process of negotiation similar to what we engaged in with respect to Iran? Or ought we instead to, in effect, say to the country involved that if they do not release our hostages, we will be prepared to use force against them?

There are, as you know, many people in our country, and around the world, who feel that the fact that our diplomats were held hostage for 14 months constituted a national humiliation, as well as a continuing manifestation of American weakness. These people also feel that in the process of negotiating with the Government of Iran we did in fact make a number of concessions to them, which

presumably we would not have made had our diplomats not have been held hostage, such as depriving the right of the hostages to sue the Government of Iran in American courts for damages, and depriving American corporations with claims against Iran of the right to sue in American courts for the recovery of their losses. Some people feel that as a consequence of those negotiations and those concessions that we have perhaps created an inducement for other countries to sanction or support the seizure of our diplomats in the future.

On the other hand, there are those who feel that, inasmuch as the hostages were released and we were not involved in a wider war, perhaps the negotiations route is the best way to proceed in dealing with these situations.

So, my question to you, Mr. Saunders, is based on your intimate involvement in this whole experience, if it or something like it should happen again, do you think that we ought to engage in this process of negotiation? Or should we make it very clear, as the Israelis do, that we simply will not engage in negotiations with a government that sanctions or supports the seizure of our diplomats and that, if necessary, if they don't release our diplomats, we will use whatever force is necessary against that country?

Mr. SAUNDERS. First, I think we just ought to mention that I am not sure how many times this particular situation is going to be repeated—the strange situation where you have a government not fully in control of affairs that ultimately condones the seizure of the hostages and so on.

Normally you have a government which is separate from the hostage seizers to deal with. I think that is the more classic situation.

Second, I, of course, have indicated that I don't agree with the judgment that we made concessions that we would not otherwise have made. As a matter of fact, I think most American claimants involved in this came off better than they would have if they had been left to their own devices.

Most of their cases would not have succeeded in court and they never would have collected claims had they secured judgments in the courts. So I think in some ways Americans have gained. Those banks who have been totally paid off have certainly gained.

Now, as to whether there is an advantage in using force, I think you have to judge what your purpose is. If there is a clear-cut line of authority and a threat of force can produce a result like the freeing of the hostages, then I think it ought to be on your list of options.

In this case, I just don't think that the use of force could have produced anything constructive. It could have produced the death of a number of our hostages without producing their release.

My own feeling is that we want to go very carefully before we unleash military force in a situation like this. I don't think in most hostage or kidnaping situations the experts suggest that you go in with guns blazing at the outset. You try to work out the problem in some other way that saves human life.

I believe that is what our country stands for. Certainly those of us charged with dealing with the situation would not want to come

before the American people in this forum and answer the question: Why did you get 52 people killed by the blind use of force?

So, I guess we are all agreed that the proper application of force in proper circumstances may very well be an option to resort to, but not as a blanket prescription for dealing with situations like this.

Mr. SOLARZ. But isn't it possible, Mr. Saunders, that if we did use force, that even if some of the diplomats that were held hostage lost their lives in the process, the very demonstration that the United States was prepared and willing to use force in an effort to secure their release, would constitute a disincentive for a group of terrorists to seize American diplomats in the future?

Mr. SAUNDERS. I guess there could be discussion of that without end. It is the question of whether capital punishment deters crime. I don't know whether it does or not. There are views on both sides.

My own view is that I would rather be part of a government that uses force carefully and judiciously, with the objective of saving human life, than jeopardizing it by its careless use.

You have a perfectly reasonable argument that a decisive act is impressive to others. I don't think it is terribly impressive to these fringe, out-of-the-way groups that are responsible for most terrorism in the world. We happen to have had a rather unusual situation in Tehran where the government itself became involved.

Mr. SOLARZ. We will, I think, if you can bear with us, Mr. Saunders, go around for one final round of questioning. Since few of the faithful have remained for the duration of the hearing—I would like now to call on my very, very dear friend, one of the outstanding members of our committee and the Congress, Mrs. Fenwick, if she has any more questions. Then, Mr. Lantos, you will be next.

Mrs. FENWICK. Thank you, Mr. Chairman.

UNITED STATES DEALINGS WITH THE PLO

I, too, was absolutely staggered to hear that our Government had talked to the PLO—staggered. I had no idea that we dealt with people like that on any subject. I am very sorry that it was you who had to reveal this.

It seems to me that there were advantages for the PLO. They immediately took over the Israeli Embassy, did they not, in Tehran, and were allowed to do so by the government, or whatever one would call the group in power. Isn't that true?

Mr. SAUNDERS. During the revolution, that is correct.

Mrs. FENWICK. And they were given the right and still hold it, as far as I know. Isn't that correct?

Mr. SAUNDERS. As far as I know.

Mrs. FENWICK. So that it suggests a complicity with those who were in power on the part of the PLO, some arrangements apparently had been made between them as to some satisfactory and advantageous position for that organization, if we can call it that.

Mr. Saunders, the reason I approve of what we did—and I think we have to honor the obligations that we have taken—is that we must mean what we say. If we are concerned about human life, then it justifies our position of negotiation, of avoiding any activity that would endanger the lives of the hostages.

That is our dignity. But it is also our dignity that we should not in so doing compromise our other standard, which is that we don't deal with the mob, that we don't deal with gangsters, that we don't use unworthy tools in order to accomplish that dignified end.

Somewhere there has to be a plan where we stop, and I am distressed to discover that this has not been the case. I thought we were free of that by our declared actions and by what the administration has always said. It is a heavy blow to discover here today that we were wrong.

Mr. SAUNDERS. It has been publicly stated that we deal with the PLO in Beirut for the sake of preserving American security. We have stated that since 1976. It is a fact of life that the PLO provided security for the evacuation of Americans from Beirut in 1976. We deal with them because they provide security in the neighborhoods where Americans live. That is a fact that we have to cope with.

Mrs. FENWICK. It seems to me very different, though, Mr. Saunders. If you go up to a gangster in the street with a gun and say, look, we want to pass through here—that's one thing. But to go to the head of an organization or to deal with them in an official way is entirely different from dealing with an immediate situation on the street.

That one could perhaps understand. Anyone might do it, but I am sorry to find this. I suppose there is nothing we can say. If we have done it, I think we ought to stop it.

If I were in Lebanon, I would speak to the duly constituted government and ask them to work out the security arrangements the best they could. I don't think we ought to be dealing with—

Mr. SAUNDERS. The trouble in Beirut is that the duly constituted government doesn't provide security in the area where our Embassy is. That poses you the choice again of whether you think an American Embassy ought to maintain its position in Beirut or not. But that is the dilemma that one faces.

Mrs. FENWICK. Well, if it is in an area that is insecure, I should think we would move to an area that is secure, or at least that is more secure.

Mr. SAUNDERS. It is hard to find one.

Mrs. FENWICK. I know. But just to stick in one place, you know, that doesn't seem to me a valid reason. Maybe we are going to have to have embassies from now on that have a large enough terrain, or are near something that would allow an Entebbe action, rather than submit to this kind of business over and over.

I have no more questions. I know that Mr. Lantos is anxious to ask some questions, so I would like to give my time such as remains to him.

Mr. SOLARZ. I will give the gentleman from California his own time. You have 5 minutes to pursue whatever lines of inquiry you wish.

Mr. LANTOS. Thank you, Mr. Chairman.

I want to thank my friend, the gentlewoman from New Jersey, for yielding.

I first want to identify myself with Mrs. Fenwick's position. I am appalled to discover that we have dealt with the PLO in an inter-

national context after repeated assurances by the previous administration that such dealings will not take place.

Mr. SAUNDERS. Sir, I have to correct the record here. Each of you has said that, and that is not factually correct. We have said publicly since 1976 that we will deal with the PLO, have dealt with the PLO, where the security of American people in Beirut is involved.

So, this is not a revelation this morning. What we are talking about is the fact that we also extended that concept to deal with the security of Americans in Tehran. I am not revealing anything that hasn't been said from the spokesman's podium in the State Department 5 years ago, and repeatedly since. The Israeli Government has been informed of this in both instances.

Mr. LANTOS. Could I pursue the question, Mr. Saunders.

INTERNATIONAL TERRORISM AND THE PLO

Do you believe that terrorism as an international phenomenon is a contagious one; namely, if some groups or individuals commit acts of international terrorism, then others who might be prone to engage in it themselves are more likely to do so?

Mr. SAUNDERS. Yes, I think that was certainly true of aircraft hijacking. I think it has been shown to be true in other circumstances as well.

Mr. LANTOS. Would you say that over the course of recent years the PLO has engaged in several outrageous acts of terrorism?

Mr. SAUNDERS. Yes.

Mr. LANTOS. Do you think that this might have had an impact upon the Iranians who seized our Embassy in Iran in an act of terrorism?

Mr. SAUNDERS. No. I think they did that for Iranian reasons that I have suggested; namely, their purposes in the power struggle inside Iran. I have no evidence that it was PLO-inspired.

Mr. LANTOS. Is it reasonable to assume that the example of PLO terrorism might have had an impact?

Mr. SAUNDERS. Well, I would not assume that myself. I think there are enough Iranian reasons for what the people who took over the Embassy did.

Mr. LANTOS. Was our Embassy the first one to be taken over in Tehran? Were there other embassies that were taken over and occupied?

Mr. SAUNDERS. I have forgotten when the takeover of the Israeli Embassy actually did occur. Frankly, after the takeover—after the coming of the revolutionary government, our February 14 takeover may have been the first. Subsequently, after the November 4 takeover of our Embassy, the British Embassy was taken over and held for a few hours.

I guess that is the only other one I am aware of. Others, of course, closed down and went out of business.

Mr. LANTOS. How would you characterize the PLO attitude toward the Khomeini regime?

Mr. SAUNDERS. They regarded it in two lights, I imagine. One was as a successful revolutionary movement. They, of course, approved the success of that.

I think they also, even more importantly, regarded Iran under the revolutionary government as an important counterweight in support of the PLO, which always has to make its way by threading through counterpressures within the Arab world.

So, they looked to that as an ultimate source, a weighty source of support in their own survival and progress.

Mr. LANTOS. Do you attach any significance to the fact that Yasir Arafat publicly rejoiced in Khomeini's coming into power?

Mr. SAUNDERS. Yes, I think that is evidence of my first point, that Arafat saw this as a successful revolution to which he had related himself.

Secondly, I think he wanted to cement his relationship with it quickly for the second reason that I mentioned.

Mr. LANTOS. Thank you, Mr. Chairman.

Mr. SOLARZ. Thank you.

Mrs. SNOWE.

Mrs. SNOWE. Thank you, Mr. Chairman.

U.S. INTELLIGENCE OPERATIONS IN IRAN

Just quickly, Mr. Saunders, did the intelligence community limit its contacts during the reign of the Shah out of respect and loyalty to the Shah, and also at his request? Are you aware of this being a standard operating procedure in other sensitive areas, in other parts of the world? What would you suggest in the future in adhering to this policy imposed by the host government?

Mr. SAUNDERS. I would urge our Ambassadors to encourage the maximum range of contacts by their own officers as well as by officers from the intelligence community. While what you say about the situation in Iran is true, I think when Ambassador Sullivan went there, he did gradually expand the range of contacts that the Foreign Service Officers in the Embassy had, so that when the Revolutionary Council was formed after Khomeini came to power, it turned out that we had had a relationship with by far the majority of the membership of that council.

But I would certainly urge the maximum range of contact, recognizing that once in a while you are going to run into a situation where contact with given individuals, if it is known, is offensive to the leadership you are dealing with.

Mrs. SNOWE. Do you think it is wise to agree to that sort of policy, even if it is not in our best interests, or it may end up not being?

Mr. SAUNDERS. I think it is wise to agree to the minimum of restrictions on your operation.

DESTRUCTION OF CLASSIFIED DOCUMENTS

Mrs. SNOWE. Another area questioned was obviously the function of the Marines in terms of destroying all classified documents. Obviously the function is for them to maintain internal order within the Embassy.

Our whole presumption is the host government is going to intervene at some point and assist in protecting the Embassy. In this case, it did not occur.

Can we ever establish an operating procedure whereby we can at least allow for all the classified documents to be destroyed, or is it ever possible in a situation if the host government does not agree? Or in this case I think Iran obviously did give some tentative assurances.

Mr. SAUNDERS. It did give assurances which were not kept. The normal situation with regard to classified documents has two components to it.

One which I think we followed in most of the posts in my bureau is to bring the files down to a very limited period of burning time. The second is to provide that haven within the Embassy where people have that amount of time, plus a cushion to destroy the documents.

For a variety of reasons, which perhaps only the people on the ground can ultimately answer, that did not entirely happen in Tehran. A lot of stuff was destroyed, but there was more there than could be destroyed in the time that it turned out they had.

ROLE OF THE PRESIDENT IN DAY-TO-DAY NEGOTIATIONS

Mrs. SNOWE. A final question. Do you believe that the President should get involved in the day-to-day matters on these negotiations?

Mr. SAUNDERS. Well, I think it is better if he keeps some distance from them. I think in this case that was what was done. It is inevitable, though, where you have a situation which becomes a problem of national focus, as this one strangely did, that the President is going to have to be involved along with his top Cabinet officers more than would otherwise be the case.

If you take, for instance, the simultaneous takeover which involved Diego Ascencio in South America, that was handled by a working group in a rather systematic way. It just depends on whether or not a particular situation gains the kind of national prominence that this one did, whether the President is going to devote as much time to it as he would normally.

The President is always going to have to make major decisions that involve life or death, or American presence and that sort of thing. I think most Presidents would want in most instances to leave the negotiating, the day-to-day management to other people.

Mrs. SNOWE. Thank you.

Mr. SOLARZ. Thank you.

Mr. Findley.

U.S. COMMUNICATIONS WITH THE PLO

Mr. FINDLEY. Mr. Saunders, the Associated Press on January 29, issued a report from Atlanta Ga., and in it stated that Robert Lipschutz, White House Counsel, and an attorney friend of his had gone to Vienna at the suggestion of Austrian Chancellor Bruno Kreisky, and there listened to a plan for publicly asking the PLO to intercede for the hostages, but they rejected the idea after sounding out the Israeli Government.

Is that an accurate statement, do you know?

Mr. SAUNDERS. I guess it is generally accurate in terms of Mr. Lipschutz' trip. We never really picked up that effort from the

Washington end. I think he also says that in some account that he has provided to the press.

Mr. FINDLEY. I have noted in the press recently that former Ambassador McHenry of the United Nations, and Ambassador West of Saudi Arabia, have both stated, as their own personal view, that our Government would have been well served to have had more direct communication with the PLO than it had.

How do you feel about it?

Mr. SAUNDERS. I think as far as the Arab-Israeli context is concerned, I have stated my views fairly clearly on that and would just as soon not have another headline on that subject.

As far as the Iranian case is concerned, my assessment is that the PLO, like a number of other well-intentioned organizations and governments, may have tried early in the game to exercise whatever influence they had in order to bring this situation to an end, but ultimately judged that they had no more capacity than anybody else to affect the release of the hostages, and they gradually faded from the picture.

Mr. FINDLEY. I have the same sense.

METHODS AND GOALS OF THE PLO

Is it your view that the PLO is an organization whose principal purpose is violence and terrorism?

Mr. SAUNDERS. The PLO is a collection of organizations whose principal purpose is establishing some sort of homeland for the Palestinian people. They engage in a lot of activities in that context. Some of them are to provide health services and educational services for Palestinians. Others have involved acts of terrorism across international borders and against international airlines in the past.

So, they have in pursuing their war of liberation, as they call it, they have engaged in military activities, in maintaining the support of their people they have engaged in humanitarian activities.

Mr. FINDLEY. Am I correct, Mr. Secretary, that there have been some incidents and developments and statements that suggest that the PLO has moved away from the language of the Palestinian covenant; that it is no longer insisting with single-minded purpose on the destruction of Israel; and that it would settle for a Palestinian state that would permit Israel to survive as an independent nation?

Mr. SAUNDERS. Certainly there have been statements of that kind made. There have also been other less positive statements. The purpose in any negotiating situation, of course, is to go beyond the public statements of any party and to put propositions to the parties that they can accept or reject so that you know exactly where they stand, and where they stand no longer remains ambiguous.

Mr. FINDLEY. It is a little difficult for us to influence the behavior, the rhetoric, the actions of another party without having some direct communication with that party. Would you agree on that point?

Mr. SAUNDERS. That has been a difficulty.

Mr. FINDLEY. I thank you, Mr. Saunders. I believe that the Government of the United States was correct in communicating,

however informally, with the PLO in a humanitarian endeavor in the attempt to free the American hostages.

Mr. SOLARZ. Well, let me say that I have great respect for my friend from Illinois. There are few members of the committee who are more diligent in their participation than he is.

It is certainly not my purpose to transform this inquiry into the situation in Iran that confronted us for 14 months into a debate on the PLO. But I do want to set the record straight because I think the gentleman was mistaken in saying that the PLO was responsible for the murder of women and children.

The fact is they are also responsible for the murder of athletes and diplomats. I think to suggest that the PLO may engage in humanitarian enterprises from time to time is no more relevant than it would be if somebody pointed out that Hitler was kind to dogs and little children.

I think the fact is that while Arafat has said that he would accept the Palestinian state on any part of the West Bank and Gaza from which Israel withdrew, he remains committed, as does his organization, to the PLO covenant, which clearly calls for the establishment of a Palestinian state, not on part of the West Bank and Gaza, but in all of Palestine, including the area now controlled by Israel.

I know of no statement public or private by Arafat which would suggest that he is prepared to accept the reality of a Jewish state in the Middle East and to give Israel the same kind of peace which Sadat agreed to at Camp David.

Mr. FINDLEY. Would the gentleman yield to me?

Mr. SOLARZ. I would be happy to.

Mr. FINDLEY. I can give the gentleman a document which I very carefully set down in my own hand which shows very clearly that Yasir Arafat would accept those terms. He has never denied the accuracy of the statements I made publicly.

Mr. SOLARZ. Well, I would find that document far more persuasive if it came from Mr. Arafat himself. It is known that you have met with him on several occasions, and you have discussed this matter at great length. I truly regret that he has failed to corroborate in public what you claim he said in private. Every time somebody asks him about it, he slides off the question. In fact, only recently, a few months ago, long after he met with you during the course of your last meeting, the PLO publicly reaffirmed its commitment to the elimination of the Zionist entity, politically, militarily, economically, ideologically, culturally and every other way.

If that doesn't constitute a clear and unequivocal reaffirmation of their commitment to eliminate Israel, I don't know what does.

We debated this issue once on national television. It appears obvious that I did not persuade Mr. Findley, and he didn't persuade me.

Mr. SAUNDERS. Just so long as you keep me out of it at this point. [Laughter.]

Mr. SOLARZ. This must be a rare experience for you, Mr. Saunders, to see us tangle with each other, rather than with you.

Mr. SAUNDERS. I am grateful for it.

INTERNATIONAL SANCTIONS AGAINST TERRORISM

Mr. SOLARZ. There are a few more questions I would like to ask before we finally wrap this up. The first concerns your suggestion that we attempt to get an agreement from the other countries of the world, particularly the industrialized countries of the West, that in the event the diplomats of any other nation are seized in the future, and where such a seizure is sanctioned or supported by another government, that some kind of economic or diplomatic sanctions be immediately applied to the government in question.

It seems to me if such an agreement could be achieved, it might well constitute the single most salutary consequence of this whole sad and unfortunate experience.

I don't understand why you seem reluctant to suggest that we attempt to secure the commitment of other countries to such an undertaking in the context of some kind of formal international protocol or agreement or treaty.

The Vienna convention, after all, does obligate all the signatory countries to respect the immunity of diplomats. Why shouldn't we be able to get other countries to agree in principle in advance that if diplomats are seized anywhere in the world, and the government of the country where they are seized sanctions or supports that seizure, they will immediately apply some previously agreed upon economic or diplomatic penalties against that nation?

Mr. SAUNDERS. I certainly did not intend to imply reluctance to pursue this issue in multinational forums, and indeed there are conventions before the committees of the United Nations on hostage taking and certainly a number of antihijacking measures have been widely ratified and so on. All that is to the good.

What I want to say is let's not delude ourselves that the existence of those conventions will produce immediate action in addition to whatever you can do in the international fora to provide the global underpinings. You also need to alter the laws of X country.

What we found was that Britain, for instance, one of the most cooperative countries, could not move because they did not have a legal base without a U.N. resolution. What happens if you have a Security Council resolution that is vetoed?

I am simply saying let's not stop at that. Let's not kid ourselves just because we have a U.N. resolution we are in good shape.

Mr. SOLARZ. I gather you would think that an international protocol committing countries in advance to diplomatic and economic sanctions against a terrorist government that engaged in similar activities to those engaged in by the Government of Iran would be a welcome development.

Mr. SAUNDERS. That is all to the good, and some do exist. You know there is a convention on hostage taking, for instance. It was before the United Nations General Assembly, one of the committees, last fall. So they exist.

I am concerned to put teeth into whatever international conventions may be developed so that the key nations in the world will act promptly.

Mr. SOLARZ. You think it ought to be possible to get a sufficient number of countries to agree to sign such a protocol?

Mr. SAUNDERS. I think it is probably difficult because you have a number of countervailing interests in any country. Those who see

trade restricted obviously have objections to some sort of blanket commitment in that direction. But we certainly will not get it if we don't go and talk to them about it and try. I would put every effort into that.

U.S. POLICY: NEGOTIATIONS OR FORCE

Mr. SOLARZ. I would like to come back very briefly to this question of whether in the event such a situation should develop in the future we ought to approach it through a process of negotiations or whether we ought to approach it through a process of force.

Obviously one has to weigh many countervailing, complex considerations here. You have the lives of the hostages on the one hand. You have the national honor and reputation of the Nation on the other.

How do you respond, Mr. Saunders, to the I think relatively widespread feeling that one of the reasons no one every seizes the Embassy of the Soviet Union or holds Soviet diplomats hostage is the impression, rightly or wrongly, that if Soviet diplomats are seized or Soviet embassies are occupied, that the Soviet Union will in fact respond swiftly and surely with the use of force in one form or another? Right or wrong, there is a widespread feeling that if you seize an American diplomat or an American Embassy, that the United States will not immediately and instantaneously resort to force, and you therefore have a reasonable prospect of having your cake and eating it, too, as it were.

How do you respond to this kind of argument and consideration?

Mr. SAUNDERS. Well, I would acknowledge there is certainly a reasonable possible point to be made as you have made it. However, I think the reason that American Embassies are more often the target of this kind of attack than others is because of our position in the world.

We are, because of our position of leadership, our tremendous wealth, our degree of involvement in a lot of these countries, much more visible, much more vulnerable than a lot of other embassies are.

As the strongest power in the world, we draw this kind of reaction. So, I am not entirely sure that a different kind of policy would necessarily avert the attacks. I am virtually certain that a different kind of policy, a blind use of force, a lashing out, would not be in the long run consistent with the conscience of this country.

So, we have two things to balance here. I would certainly want to, as I have said on several occasions, see the use of force as one of the options on the list. The only thing I am concerned about is a blanket prescription that we will use force without much consideration for the peculiar circumstances.

Mr. SOLARZ. Let me reformulate the question somewhat. The Israeli Government, as you know, has a policy that it will not make concessions to terrorists which were responsible for the seizure of Israeli citizens or diplomats.

They will enter into discussions with them for the purpose of gaining time or hopefully persuading them to release the innocent people who have been seized. But as a matter of policy they take

the position they will not, under any circumstances, make concessions in the context of such a situation.

I gather from your response to several of the questions that have been put to you today that it is your feeling that such a policy would be unwise for our part. You seem to be suggesting that we ought not to preclude the possibility, of entering into a process of negotiations with those who are responsible for the seizure of our citizens or our diplomats and, if necessary, depending on the concessions involved, at least consider as an option making some concessions in an effort to secure the safe release of our people.

Mr. SAUNDERS. Two points. One, the Israeli case is a good case to bring up. They have not reduced their vulnerability as a result of their policy, simply because they are where they are, and they are the target that they are, and they will be attacked no matter what their policy is.

I think that is part of what I was saying about the United States. We are what we are, and we will be attacked because we are a leader of the world.

CONCESSIONS

On your second point, we certainly never once in these 14 months, among ourselves, talked about making concessions or in some way paying something that the Iranians would not otherwise have been entitled to. So, I don't think there is any emerging feeling of paying ransom or making concessions.

Mr. SOLARZ. I have to respectfully differ with you, Mr. Saunders. While you can argue—and I think to some extent persuasively—that on balance, if you look at this agreement, our people are better off than they otherwise would have been, I don't think it is fair to say that we have made no concessions in the context of this negotiation and agreement.

I can think of two, for example. One is that we did agree to deprive the hostages of the right to sue the Government of Iran in American courts for any damages that they suffered.

Now, of course you can argue they wouldn't have collected these damages anyway. But nonetheless, we waived the right that they had to sue. That is clearly a concession.

Second, we deprived American claimants against Iran of a right which they would have had if this whole incident had not taken place to sue Iran in American courts for uncollected claims which they have against them. Once again, you can say they might not have collected and that the international arbitration procedure we have set up gives them a better chance of collecting than they otherwise would have had.

But you cannot, I think, deny that these were concessions, perhaps designed to get more concessions from the other side. But this was a give and take that we engaged in here.

Mr. SAUNDERS. That is true. There are two connotations in the word concession. When it is used negatively, it means you just gave away something, and you somehow compromised your own rights and dignity in giving that something away.

The more precise meaning of the word concession is that in negotiation you make a concession and you get a concession in return.

In this case, what I am saying is that we got far more than we gave, I believe. We did make the two concessions. But the Iranians made the concession of submitting American claims to binding arbitration with the full security backing for it.

Now, they made a much bigger concession than we did. So the concession we made was for a significant gain for Americans. Making concessions in a negotiation is not necessarily bad. It depends on what you get for them.

RECOMPENSE FOR THE HOSTAGES

Mr. SOLARZ. From a legal point of view, will the diplomats who were held hostage be in a position to sue the U.S. Government to collect damages from us that they otherwise would have legally been theoretically in a position to collect from Iran, assuming they can prove their case?

Mr. SAUNDERS. Yes, of course. In the first instance, however, there is another resource that we have, provided the new administration follows through with President Carter's decision to establish a Presidential commission to review all of this.

If that commission is established, it would seem to me that the best first place for the hostages, former hostages, with claims to go would be to that Presidential commission. Then, of course, they have the right of suing the American Government if they don't gain what they feel is proper there.

Mr. SOLARZ. One, of course, wants to protect the hostages in every way possible. But, don't you think there is something unseemly and perhaps inappropriate about the United States taxpayers paying our diplomats for damages that were done to them—not by the U.S. Government, but by the Government of Iran?

Mr. SAUNDERS. Well, we have never thought so before. Although our recompense to prisoners of war has been pitifully small, there has always been a special payment to those who have been held as POW's. That has been accepted as a consequence of a particular outcome of military duty.

Now we are faced with a consequence of an outcome of diplomatic duty. Americans have accepted that before. I am not sure why we should change now.

Mr. SOLARZ. I have no objection to a voluntary determination by the Congress that we ought to recompense the hostages for their suffering in the line of diplomatic duty. I think, though, that is different from a legal obligation imposed by the courts on the U.S. Government to pay damages to hostages that otherwise would have been paid by the Government of Iran if not for this agreement, which deprives the hostages of the right to sue the Iranian Government.

Let me ask you two final questions.

SALE OF MILITARY EQUIPMENT TO THE SHAH

At some point during the years President Nixon was in the White House we made a decision as a matter of policy, I gather, first to in effect sell the Shah whatever military equipment he wanted; second, to refrain from contact with opposition elements that the Shah didn't want us to meet with.

In retrospect, do you think those decisions were mistaken or do you think they were appropriate under the circumstances?

Mr. SAUNDERS. Well, in some measure I think they were probably mistaken. But I don't think they were the cause of the Iranian revolution. I have never believed the fact that the Shah bought a large quantity of American military equipment led to his downfall. It seemed to me that was just one factor in a much larger picture. Other factors were what ultimately brought the regime down.

INTELLIGENCE INFORMATION ON OPPOSITION FORCES

Mr. SOLARZ. What about the decision not to have any contact with opposition elements that the Shah didn't want us to meet?

Mr. SAUNDERS. I would normally feel we should have the maximum degree of contact possible. As a matter of fact, I think in Iran we had more than we are credited with having. For instance, as I say, Ambassador Sullivan, when he went to Iran, clearly broadened the range of contacts so that even when the new Revolutionary Council came in, we had been in contact with many of the members there.

LESSONS FOR U.S. POLICY IN SIMILAR SITUATIONS

Mr. SOLARZ. Finally, Mr. Saunders, if you could sum up this whole experience, the last 14 months, the seizure of the hostages, the way in which we went about trying to get them out, what recommendations would you make for the Congress and to the country in terms of how we ought to deal with such a situation in the future?

Are there any lessons that you personally, given your intimate involvement in this whole crisis, have derived from our experience in attempting to secure the release of the American diplomats in Tehran that are applicable to future such situations?

Mr. SAUNDERS. I think there are several lessons, certainly several positive ones. I have already laid out my recommendation for trying to broaden our agreements with the international community. I don't need to repeat that.

I think there is a rather good model to be followed in the way that relations between the executive and legislative branches were carried on during this period. I think there was a maximum degree of information passed.

The Secretary and the Deputy Secretary for some periods of time were on the Hill almost daily meeting with the leadership of Congress. I feel that that model is one that can be developed to our advantage.

I think also nobody has mentioned here this morning and should mention the initiative that 187 Members of the House of Representatives took in August to communicate with the Speaker of the Iranian Assembly. As it turned out, that was not a decisive event.

What it does indicate is the ability of the executive and legislative branches to cooperate, taking advantage of the fact that the legislature has a particular quality as the representatives of the American people, which is different from the executive branch's character in assisting like this. That is something else that I don't think we should lose sight of.

I do feel one lesson we have learned from that is that kind of exercise is best when it is disciplined and managed well by the leadership of the Congress and with consultation with the executive branch, rather than by individuals going off and doing things on their own.

There may be others that will occur to me as time goes on. Nothing more comes to mind at this point.

Mr. SOLARZ. Let me thank you, then, Mr. Saunders, not only for your testimony today, but for your many years of service to the country. It is something which all of us deeply appreciate.

Mr. SAUNDERS. Thank you very much.

Mr. SOLARZ. The hearing is adjourned.

[Whereupon, at 1:25 p.m. the hearing adjourned, to reconvene at 9:30 a.m., Thursday, February 19, 1981.]

IRAN'S SEIZURE OF THE UNITED STATES EMBASSY

THURSDAY, FEBRUARY 19, 1981

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C.

The committee met at 9:30 a.m., in room 2172, Rayburn House Office Building, Hon. Clement J. Zablocki (chairman) presiding.

Chairman ZABLOCKI. The committee will please come to order.

The Committee on Foreign Affairs meets today to continue its hearings on Iran's seizure of the U.S. Embassy and U.S. personnel.

Tuesday last we heard from Harold Saunders, former Assistant Secretary of State for Near Eastern and South Asian Affairs.

Today we are pleased to have before us former Secretary of State Edmund Muskie, and former Deputy Secretary Warren Christopher. We welcome you both back before the committee.

I, for one, already miss you.

The hearings will continue on February 25, with witnesses from the new administration, and on March 11, with several representatives from the hostages.

The primary purpose of these hearings is to review the agreements with Iran and to identify lessons which can be learned for future U.S. policy for protecting U.S. diplomats, for dealing with terrorism, and for handling similar crises in the future.

Mr. Secretary, in my judgment you and Mr. Christopher and your colleagues are to be commended for accomplishing the near impossible in the way you handled this crisis. The settlement preserved the honor of the United States and secured the safe release of the hostages, our two principal goals.

The United States emerged from this 14-month ordeal in a much more favorable position than Iran. At the time of the seizure, no Iranian assets in the United States were frozen, and many U.S. citizens were facing potential economic losses with little prospect of being compensated.

In contrast, today all U.S. personnel have been returned safely, some Iranian assets are still frozen, some U.S. economic interests have been fully paid, and the remaining claimants have the prospect of receiving recompense in the next year or so.

The United States has emerged a more united, stronger country and has demonstrated that established forms of international conduct of civilized nations can prevail over international terrorist activity.

Despite the ordeal being trying and frustrating, nevertheless, I think we have learned a lesson, and we have emerged.

Mr. Muskie, Mr. Christopher, I would like to invite you to present your prepared statements. If you desire, you may have the statements put in the record and summarize them. I leave that decision up to you.

Mr. Muskie, if you would proceed.

**STATEMENT OF HON. EDMUND S. MUSKIE, FORMER
SECRETARY OF STATE**

Mr. MUSKIE. Mr. Chairman and members of the committee, it is good to be back before this committee, to see faces of old friends as well as new faces on the committee reflecting the changes that have taken place since I was here last.

You have always been most warm in your welcome, most cooperative.

It is good to be back and have this opportunity to review this difficult issue, which has now been resolved. I appreciate the thrust of your opening statement, Mr. Chairman.

I know that you have had considerable testimony on the details of the agreements that were reached, and the events that led up to them. So, I will take advantage of the chairman's invitation and not cover these events or the details extensively.

I gather that you are interested in pursuing questions, and the sooner we get to those questions, the sooner are we likely to be helpful to the committee.

I would like to open just briefly, if I may.

Mr. Christopher will cover the Declarations of Algiers, which he negotiated as head of a team involving members of the administration, not only from the State Department, but from the National Security Council, Department of the Treasury, Department of Justice, and others.

When I became Secretary of State, the hostages had endured 6 months of captivity. Indeed, when I became Secretary of State, in a sense I became hostage to the hostage issue. I would not have become Secretary but for that issue. I might have continued longer in office but for that issue.

So that I am very conscious of the fact that my service as Secretary of State is closely identified with this issue and its disposition, as well as its agony and its frustrations.

THE ISOLATION OF IRAN

During the time before I became Secretary the administration had been intensely active in pursuing their release. Some of those steps were very visible, and some of them were not as visible, but ultimately more effective.

I would like to emphasize that point. The steps that were taken to isolate Iran diplomatically and economically from the world community ultimately made the impact which I think motivated Iran to move toward a resolution of the hostage crisis.

I took office following the failed rescue effort, and following the disintegration of the United Nation's Commission effort. Yet there were still in motion the economic sanctions, the diplomatic isolation represented by the U.N. resolutions and the action of the International Court of Justice which continued to exert pressure upon the Iranian economy, and upon the politics of Iran.

Indeed, the hostage crisis in Iran itself was as much a part of their political process, the development of their political institutions, the acquisition of political power, as it was a contest between the United States and Iran, and I think we have to bear that in mind.

On the economic side, the President had frozen those Iranian assets within reach of his authority, not only in this country, but also in foreign banks, a total of more than \$12 billion.

The international community was moved to support our position through the United Nations and two resolutions passed overwhelmingly. I think only three countries were not on our side, including countries not normally friendly to us, and indeed hostile to us.

With our encouragement, scores of countries, including those not closely associated with us, undertook to use diplomatic initiatives of one kind or another, either persuasion or pressure, to convince the Iranians that it was in their interest to move the hostage crisis behind them.

SANCTIONS AGAINST IRAN

Then there was the question of sanctions. As you will recall, the administration undertook to get sanctions out of the United Nations. The Security Council voted I think 10 to nothing, but the Soviet Union vetoed the sanctions.

For a while the question of sanctions was in suspension because countries which supported us in the Security Council felt there might not be a legal basis in their countries for sanctions without a Security Council resolution.

It wasn't until after I became Secretary of State on May 17, that the European community and Japan joined us in sanctions. There were some who felt that those sanctions measures were not as extensive as they might have been. Some in this country felt they should have been made retroactive. But in any case the sanctions which were adopted were effective.

President Bani Sadr, who is himself an economist, estimated that they added 25 percent to the cost of goods imported into Iran, a considerable economic pressure on an economy that was already weakening because of a reduction in oil production and decrease in oil markets, and other factors.

So, the whole range of economic sanctions which had been put in place by May 17, continued to make their impact. I think that the diplomatic isolation, plus the economic pressures, were critical.

I should note in this connection that in October, at the time of the opening of the U.N. General Assembly, a period when the Secretary of State of the United States normally spends 2 to 3 weeks conducting bilateral discussions with countries around the globe, the Prime Minister of Iran, leaving his country for the first time in his lifetime, visited the United Nations in New York and was made immediately aware by all countries with whom he consulted of the diplomatic isolation to which Iran had subjected itself with the seizure of the hostages.

He was told over and over again that in connection with the Iraqi-Iran war, Iran was not likely to get much sympathetic attention so long as they continued to hold the hostages.

That appears to have changed dramatically his own view of the hostage crisis and the actions which Iran should take in connection with it.

NEGOTIATIONS

About that time—Iran began to reflect an awareness that the holding of the hostages was counter to Iran's best interests. It was in September that we got the first signal, prior to a speech by the Ayatollah Khomeini, in which he laid down four points which ultimately became the basis for the agreements which resulted in release.

We were beneficiaries of an initiative by one of our allies prior to that time which led to the negotiations which Mr. Christopher led. Chris organized a team with the necessary legal talent, treasury talent, banking talent, and so on, to begin to frame a U.S. response around the four points laid down by Khomeini in September.

Work continued through the fall, and Chris will discuss the details of the Declarations of Algiers when I end my discussion.

POLITICAL DYNAMICS IN IRAN

Through all this period, it is important also to note that Iran's political energies were directed inward. As I said a moment ago, the hostage crisis was a political weapon. You may all remember that early in the year, the moderates, headed by Bani Sadr and Ghotbzadeh, urged the ending of the hostage crisis and the hardliners objected.

As the hardliners acquired political power in the Prime Ministry with Rajai and the Majlis, or the Parliament, they began to realize, having the power and the responsibility, that it was in the interests of Iran to get the crisis behind them.

At that point the moderates began to disagree. So, it was that kind of an issue, which is not unfamiliar to us in this country, that divided the factions in Iran.

The result was that we waited for them to put in place their political institutions. Bani Sadr was elected as President early in the calendar year, and then the Majlis was elected, and that was a time-consuming process.

Finally, the Prime Minister, Rajai, was selected. At that point I wrote him a letter. It was a moderate letter, referring to the fact that we had mutually perceived grievances to discuss, that we were ready to discuss them, either by direct contact or through intermediaries, and welcomed a response.

He read my letter publicly, implied there would be a response. There was never a direct response, but I think that a part of the negotiations that followed were a response.

In addition to that, Members of the House joined together to send a letter to the Majlis once it had been formed, and the Speaker of the Majlis, Rafsanjani, responded publicly and indicated he welcomed that initiative on the part of the American Congress, he expected it would be responded to, and he referred the letter, as well as mine, to the appropriate committee of the Majlis.

So, the political structures of Iran were being put into place. Khomeini made it clear, I think quite early on, following the

creation of these institutions, that the Majlis would have final authority to settle the hostage crisis.

Then we came, of course, to late October and our own election when the Majlis finally did lay down the terms for settlement, terms which if read literally were beyond our capacity or the President's authority to accept, but which we treated as a basis for further discussions that finally led to the agreement.

May I say finally, leaving the details of the declarations to Mr. Christopher, that it was our objective to bring about the release of the hostages without making any concessions that might encourage terrorists in the future. I think we fulfilled that objective.

ASSESSMENT OF THE OUTCOME OF THE ORDEAL

Let me briefly review the costs and benefits of these agreements to see if they offer any other government an incentive to behave as the Iranian Government did in this case.

Iran paid dearly for its behavior. It was subjected to worldwide condemnation and isolation. For a period of almost 14 months it lost the use of more than \$12 billion in frozen assets. Their economy was severely distorted by the sanctions, particularly following the onset of the Iraqi-Iran war in September.

I think the thesis could be supported that but for the seizure of the hostages, there might never have been an Iraqi-Iran war. I think Iraq may have been tempted in a way it may not have been tempted but for the weakening of Iran that followed the seizure of the hostages.

So, as a result of the negotiating pressures brought to bear in the final months of the crisis, Iran agreed to a claims settlement program under which they paid off enormous debts to U.S. banks, and they must leave hundreds of millions of dollars of Iranian assets in escrow to pay U.S. claims.

None of these costs would have been sustained if Iran had obeyed the rules of international law. What did they gain in return? The fact is that Iran achieved none of the major objectives its officials declared.

They did not extract an apology. They did not achieve an international condemnation of the United States. Quite the contrary, they brought such a condemnation upon themselves. They did not achieve the return of the former Shah or any of his assets. They extracted no ransom, financial or otherwise.

As all Americans are aware, for all the reprehensible treatment they inflicted, the Iranian captors could not even dictate the behavior of their victims. No trumped up personal confessions were signed.

As our people walked the last gauntlet to the plane that would bring them home, it was clear for all to see that it was the Americans whose dignity was preserved, and the Iranians' diminished.

We would not wish such an episode repeated, but let us understand its effects.

Internationally and domestically, as I get the response from countries all over the world, including our allies, the United States emerged the stronger, Iran emerged the weaker. This is the first time in many centuries that a government has condoned the taking

of diplomatic hostages. The result affirms all reasonable doubt that crimes of this sort do not pay.

U.S. ADHERENCE TO THE AGREEMENTS

That still leaves the question whether we could not increase the cost still further by repudiating the bargain, now that our people are home.

I am glad to see the new administration has reached the decision that it will implement the agreements. That is consistent with our own view.

We understood, of course, that the Reagan administration should and would and indeed must review the agreements to satisfy themselves that they were within the limits of the President's authority and within the limits of our own law and Constitution. That they appear to have done.

I believe most strongly that even if we could avoid this agreement, we should in our own interests respect it. We should do that, not with any hope for our relations with one country, but because it is essential to our relations with the rest of the world.

We should fulfill the agreement because we are a great power with an interest in preserving our honor. We should do so quite simply because the terms are fair and our word is good.

Before I defer to Chris, let me take this public opportunity to offer my personal thanks and the thanks of the American people to the Government of Algeria and its diplomatic corps, headed by Foreign Minister Benyahia.

They took on a delicate and enormously complex task. They did so selflessly. They accomplished their work with dignity and skill and courage. They performed a service to the community of nations which will not soon be equalled.

I also want to recognize the role of the quiet statesman who is at my right and who will speak next. It is a literal truth that there would have been no settlement without his unrelenting tenacity, his resolute optimism, his powerful intellect and his legendary energy.

As nearly as I can tell, he is a man without limits. My admiration and my affection for him are also without limits.

With that, I would like to yield to Mr. Christopher.

[Mr. Muskie's prepared statement follows:]

PREPARED STATEMENT OF HON. EDMUND S. MUSKIE, FORMER SECRETARY OF STATE

Mr. Chairman and Members of the Committee, I welcome this chance to join with Warren Christopher to discuss the release of the 52 American Hostages from Iran.

Mr. Christopher is prepared to give you in detail the declarations of Algiers. I will undertake to briefly review events leading to those negotiations.

Let me state my overall conclusions at the outset:

The United States came through this trial with our honor intact.

Whatever any of us might feel while the affront is still fresh, I think this episode will be seen in time as a sound and successful application of our preference for settling disputes by peaceful means.

When I became Secretary of State the hostages had endured six months of captivity. During that time the Administration had been intensely active in pursuing their release. Some of those steps were highly visible. Others were less dramatic—but ultimately more effective.

Among the more visible steps, you will recall our support for the five-man United Nations Commission established to resolve the crisis. In late April, after the UN effort disintegrated, there was an unsuccessful rescue attempt.

The United States had also moved to apply a series of pressures which would have a continuing and cumulative effect on Iran—even though they gathered far less continuous attention.

The President had frozen the Iranian assets within reach of his authority, a total of more than \$12 billion.

The international community was moved to support our position through the United Nations and the International Court of Justice, thereby isolating Iran in the world community.

With our encouragement, scores of countries around the world brought diplomatic pressures to bear.

Perhaps most importantly, a whole range of economic sanctions—including sharp curtailments on trade—had been placed in effect not only by the United States but by a number of other major countries. (May 17, 1980)

The diplomatic isolation plus the economic pressures thus put in place were critical to the final result.

At the end of May the Administration conducted a comprehensive review of past and possible new efforts to free the hostages. The Iranians steadfastly maintained that the new Parliament would determine Iran's position on the hostage question. The new Parliament had not yet been organized, nor had a Prime Minister and Cabinet been appointed to lead a new government. The political infighting in Iran foretold that such fundamental political decisions would be reached only with great difficulty.

In these circumstances the President decided that U.S. measures in the succeeding weeks should emphasize:

Assuring that the sanctions were strictly applied and allowing time for their effect to sink in and for the Iranians to perceive that it was increasingly in their interest to end the crisis.

Intensifying diplomatic activity and contacts by other parties to explain to the Iranians the harsh consequences for Iran and its revolution of allowing the hostage crisis to continue.

Playing down the public diplomacy aspect of our crisis management in order to give the Iranians time and a certain degree of calm to work out a reasonable way out of the crisis.

First, Iran had to evolve a governmental structure in which someone—some identifiable leader or group—had clear authority to end the crisis.

Second, also in Iran, those in power had to be persuaded that Iran would be better off if the hostages were freed than if they were kept. This was a matter we could influence, by continuing to apply economic sanctions and diplomatic pressure. But, again, given Iran's internal turmoil, there was no guarantee that an objective reality would be recognized.

And we understood further that only after these first two conditions were fulfilled—only after there was a government that could end the crisis, and a consensus that it should end—could the third step commence, which was some kind of dialogue to shape the process and the terms of release.

The Iranian Government's political energies were directed inward. Those potentially in a position to make decisions were consumed by the power struggle between the moderates, as exemplified by President Bani Sadr, and the radical clergy. There was no realistic opportunity to discuss the issue with responsible officials in the Iranian Government.

But we did have reason to believe that if we let the pressures build up, we ultimately would get the attention of Iranian officials.

Thus we resolved to continue the pressure—and to wait.

The result was a long and difficult summer. We Americans are activists. Our impulse is to solve problems, and not let them fester. Restraint did not come easily.

But as I look back on it now, I remain convinced that the course we chose was the proper one.

On July 11, the release of Richard Queen on humanitarian grounds gave us our first tangible evidence that a decisionmaking structure was in place.

On July 27 the Shah's death removed a condition which could not have been agreed—the militants' demand that he be returned to stand trial.

In August and again in September I wrote personally to Iran's new Prime Minister. A large group of Members of Congress wrote to the Iranian Assembly, the Majlis, which had been given authority to resolve the hostage issue. In the same period the hostage family organization made its own humanitarian appeal.

By early September the issue had been brought into focus in Iran and we received, through the Government of West Germany, the overture that opened the negotiations leading to the hostages' release.

Mr. Christopher will describe the arrangements in more detail. Before he does, however, I want to address the critically important issue of whether that arrangement, as a precedent for the future, was or was not in the best interests of the United States. The related question that has been raised is whether it should not be carried out by the new Administration.

It was our objective to bring about the release of the Hostages without any concessions that might encourage terrorists in the future.

I think we fulfilled that objective. Let us briefly review the costs and benefits of these agreements to see if they offer any other government an incentive to behave as the Iranian Government did in this case.

Iran paid dearly for its behavior.

They were subjected to worldwide condemnation and isolation.

For a period of almost 14 months they lost the use of more than \$12 billion in frozen assets.

Their economy was severely distorted by sanctions.

As a result of the negotiating pressures brought to bear in the final months of the crisis, they agreed to a claims settlement program under which they have paid off enormous debts to U.S. banks and must leave hundreds of millions of dollars of Iranian assets in escrow to pay U.S. claims.

None of these costs would have been sustained if Iran had obeyed the rules of international law.

And what did they gain in return? The fact is that Iran achieved none of the major objectives its officials declared.

They did not extract an apology.

They did not achieve an international condemnation of the United States; quite the contrary, they brought such a condemnation upon themselves.

They did not achieve the return of the former Shah or any of his assets.

They extracted no ransom, financial or otherwise.

And as all Americans are aware, for all the reprehensible treatment they inflicted, the Iranian captors could not even dictate the behavior of their victims. No trumped up personal confessions were signed. And as our people walked the last guantlet to the plane that would bring them home, it was clear for all to see that it was the Americans whose dignity was preserved—and the Iranians' diminished.

We would not wish such an episode repeated. But let us understand its effects. Internationally and domestically, the United States emerged stronger; Iran emerged weaker.

This is the first time in many centuries that a government has condoned the taking of diplomatic hostages. The result affirms beyond all reasonable doubt that crimes of this sort do not pay.

That still leaves the question whether we could not increase the cost still further by repudiating the bargain now that our people are home.

I believe most strongly that even if we could avoid this agreement, we should—in our own interests—respect it.

We should do that not with any hope for our relations with one country, but because it is essential to our relations with the rest of the world.

We should fulfill the agreement because we are a great power with an interest in preserving our honor.

We should do so, quite simply, because the terms are fair—and our word is good.

Before I defer to Warren Christopher, let me take this public opportunity to offer my personal thanks and the thanks of the American people to the Government of Algeria and its diplomatic corps, headed by Foreign Minister Benyahia. They took on a delicate and enormously complex task. They did so selflessly. They accomplished their work with dignity, skill and courage. They performed a service to the community of nations which will not soon be equaled.

I also want to recognize the role of the quiet statesman who will speak next. It is a literal truth that there would have been no settlement without his unrelenting tenacity, his resolute optimism, his powerful intellect and his legendary energy, as nearly as I can tell he is a man without limits. My admiration and my affection for him also are without limit.

Chairman ZABLOCKI. Thank you, Mr. Secretary.

STATEMENT OF HON. WARREN M. CHRISTOPHER, FORMER DEPUTY SECRETARY OF STATE

Mr. CHRISTOPHER. Mr. Chairman, members of the committee, I have often in this room had the advantage of the patience and forbearance and courtesy, in many instances the friendship, of

members of the committee. I am very glad to be here again today in that atmosphere.

Mr. Chairman, I have prepared and left with the committee a statement. In the interests of time, I would like to have an opportunity to abbreviate that statement with the understanding, if you agree, that it can go into the record as a whole.

Chairman ZABLOCKI. Without objection, the prepared statement of Secretary Muskie and that of Mr. Christopher will be made a part of the record.

RESULTS OF DECLARATIONS OF ALGIERS

Mr. CHRISTOPHER. I will turn directly to the Declarations of Algiers themselves, Mr. Chairman, as a way of bringing the matter into focus and providing background for the questions.

As has been stated through the long agony of the holding of the hostages, the United States held firm to two basic principles—that we must work unceasingly to achieve the prompt and safe return of the hostages, and that our efforts must be fully consistent with our national interests and our national honor.

In my judgment, which may have certain biases which I am sure the committee will fully take into account, I believe that the Declarations of Algiers which brought about the safe release of the hostages are faithful to these two basic principles.

In summary, in my judgment, the net results of the Declarations of Algiers are as follows:

First, the United States has not apologized to Iran.

Second, the United States has not paid ransom to Iran, but on the contrary, the only funds paid to Iran are those owned by Iran, and substantial amounts of Iranian funds are to be held to pay U.S. claims.

Third, the United States has not taken sides or compromised its noninvolvement in the Iran-Iraq conflict.

Fourth, the Shah was not returned to Iran, and Iran's claims to the property of the Shah and his family will have to be adjudicated in United States courts in full accordance with our constitutional protections and our due processes.

And fifth, an international arbitral tribunal, backed up by a \$1 billion security fund, will be set up in order to hear and pay the commercial claims of U.S. citizens against Iran.

I would like, Mr. Chairman, to address each of these five summary points briefly in the course of my testimony.

NO U.S. APOLOGY

First, the issue with respect to an apology.

Neither the Declarations of Algiers nor any of the associated documents contains any provision which constitutes an apology by the United States.

The nonintervention pledge in point one of the basic declaration is merely a reiteration of existing U.S. policy when it says that, "It is and from now on will be the policy of the United States not to intervene" in Iran's internal affairs.

During the negotiations, Iran sought to have the nonintervention pledge stated solely in prospective terms—that is, "from now on

will be." Such a formulation was apparently intended to imply that the United States was changing its position in return for the release of the hostages.

That proposal was rejected by us, and the resulting formulation represents no more than a reiteration of frequently stated current U.S. policy.

FINANCIAL AGREEMENTS—NO RANSOM

Second, Mr. Chairman, on the ransom issue.

Under the declarations, the release of the hostages occurred without the payment of any funds or property of the United States or U.S. nationals.

The only funds or properties which are required to be paid over to Iran are those funds and properties which were frozen by the President's order of November 14, 1979. These provisions are in accord with the basic principle of the declarations that the parties will work toward a restoration of the financial situation which existed before the freeze order.

In that connection, I think it is worthwhile remembering that the economic sanctions imposed upon Iran exacted a very heavy price in terms of the isolation of that country and, as Secretary Muskie has said, the disruption of its economy.

Two categories of Iran's assets, those in the Federal Reserve Bank in New York and those in the foreign branches of U.S. banks, were paid into escrow in the Bank of England.

Of course, we all know that it was this payment which triggered the release of the hostages on January 20. What is not so well known is that only about 36 percent of the funds and securities that were required to be paid into escrow were actually paid over to Iran.

Specifically, of the \$7.955 billion—and that was the trigger amount—which was required to be paid into the Bank of England escrow, \$3.67 billion was used to pay off the debts of Iran to U.S. banks, \$1.4 billion was retained in a continuing escrow account for the purpose of paying amounts disputed on one side or the other between the banks and Iran, and only the remainder, about \$2.88 billion, was paid over to Iran.

Moreover, although other categories of Iran's assets will be required ultimately to be transferred to Iran, \$1 billion of these Iranian assets will be placed in a security account to be used for the purposes of paying off U.S. commercial claims in accordance with the claims settlement procedure, which I will discuss more fully in a moment.

To sum up on this point, since only Iranian funds were involved in the release of the hostages, it is plain that no ransom was paid.

CONTINUED U.S. NEUTRALITY IN IRAQ-IRAN CONFLICT

Third, a point that has not, I believe, had adequate attention, is the question of the effect of the settlement upon the Iraq-Iran conflict.

Following the outbreak of the Iraq-Iran war on September 22, 1980, fears were expressed—and understandably so, I think—that in connection with the release of the hostages, the United States

might agree to undertake a new military supply relationship with Iran or to deliver a large amount of war materiel to Iran.

To have done so would have brought charges, perhaps valid charges, that the United States had taken sides in the war and compromised its position of noninvolvement.

Fortunately, the declarations permit the United States to maintain its position of noninvolvement in the war. The United States is neither committed to undertake a new military supply relationship, nor to turn over a large amount of war materials. Indeed, the declarations contain no reference at all to military supplies or war materials.

In connection with our ongoing requirement that the United States transfer Iranian properties in the United States to Iran, the noninvolvement position of the United States is fully protected by the provision that the transfer of Iranian properties is, and I will quote here, “* * * subject to the provisions of U.S. law applicable prior to November 14, 1979,” which means that the usual export and munitions controls will apply to any transfers of property to Iran. This will enable the United States to insure that any transfers do not result in our taking sides or otherwise becoming involved in the conflict.

SHAH'S ASSETS

Fourth, Mr. Chairman, I will mention the problem relating to the Shah's assets.

Throughout the crisis, Iran insisted on a return of the wealth of the former Shah and his family. This demand was pressed even more vigorously and stridently after the death of the Shah in July of 1980.

Indeed, as recently as December 19 of last year, Iran was demanding the establishment of a \$10 billion guarantee fund to insure the return of the Shah's wealth. I must say that this demand was one of the low points in our negotiations, a real setback coming just on the eve of Christmas.

During the negotiations, the United States never deviated from the position that under our system of government the transfer of private property from one party to another can be ordered only pursuant to procedures which afford due process of law.

Late in the negotiations, probably about January 10, I began to feel confident that Iran had finally accepted that principle, and it is fully reflected in the declarations.

As a result, the Shah's estate and the property of his close relatives will have the full protection of due process of law with respect to claims against their properties by Iran.

It is true that under the declarations the United States has agreed to take certain actions in connection with lawsuits brought by Iran involving the Shah's wealth, but these commitments are carefully limited, carefully circumscribed.

The commitment to prohibit the transfer of Shah-related property will arise only when Iran has filed and properly served a lawsuit against an individual who is alleged to be a close relative of the Shah, and to have property which Iran claims. Only then will his property be temporarily frozen, and such a freeze order will remain

in effect only as long as the litigation is pending against that defendant.

The likelihood is, Mr. Chairman, that even in the absence of such a freeze order, a court would have placed by court order approximately the same restrictions on the property involved in litigation.

Similarly, the requirement for the disclosure of information regarding the property of the former Shah or his family arises only upon the commencement of litigation and the proper service of defendants.

Once a close relative has thus been served in litigation, persons with information about property in the United States will be required to report it to the Treasury. I think most lawyers will recognize that the kind of information required to be furnished to the Treasury is the same kind of information that would be available to any diligent plaintiff in a lawsuit under our normal civil discovery procedures.

In sum, Mr. Chairman, the United States refused to return the Shah himself to Iran prior to his death, and it steadfastly refused to confiscate or transfer his wealth, insisting instead on the maintenance of the constitutional requirements of due process of law.

SETTLEMENT OF CLAIMS

My final point with respect to the declarations themselves relates to the claims settlement tribunal.

One of the most challenging issues throughout the negotiations was to provide a suitable method for U.S. nationals to pursue their commercial claims against Iran, while at the same time responding to Iran's demand for the return of its frozen assets and a nullification of claims encumbering those assets.

This issue was finally resolved through the establishment of an Iran-United States claims tribunal as provided for in the second of the two Declarations. As is customary, one-third of the members of the tribunal will be appointed by the United States, one-third by Iran, and the final third will be neutral, to be chosen by the two parties or, failing agreement between the two parties, by the permanent Court of Arbitration at The Hague.

Moreover, this tribunal will function in accordance with the traditional rules of the United Nations Commission on International Trade Law.

One of the most significant features of this approach is the establishment of a security account for the sole purpose of paying awards made by the tribunal against Iran. An initial deposit of \$1 billion will come from Iran's deposits in U.S. branches of U.S. banks.

Moreover, and this is a very important aspect, the security account will operate under what is called the bottomless pitcher concept, in the sense that Iran is required to maintain a minimum balance of \$500 million in that account.

Once the two sides had agreed to establish such a mechanism for validating and paying U.S. claims, it became possible for the United States to agree to require U.S. claimants to move their claims from the U.S. courts to the new forum and to give up the judicial attachments.

It should be noted that, at least in my opinion, U.S. claimants generally should be significantly better off with the new program than they were before the hostage crisis arose.

Prior to the crisis, most of the assets of Iran in the United States were protected by the doctrine of sovereignty, and by the sovereign immunity statute enacted by this Congress.

For that reason, and other technical reasons, U.S. claimants would have faced very great difficulty in collecting their claims against Iran. Now, by contrast, Iran has committed itself to let the claims be litigated and determined before the special tribunal and paid from the security fund with its bottomless pitcher concept.

In agreeing to this claims settlement program, we recognized, I recognized, that some U.S. claimants would probably challenge the President's authority to proceed in this way, and we consulted very closely with the Attorney General.

The Attorney General's opinion, to which you have access, reviews the legal issues with care and comes to the conclusion that the President was fully authorized to enter into this claims settlement program, as he did.

I am glad to echo Secretary Muskie's comments in expressing satisfaction and appreciation that the new administration has reached the same conclusion.

Before I initialed the Declarations of Algiers on January 19, I was advised that the Department of Justice expected to be able to defeat any challenge to the President's authority to enter into such arrangements.

One of the questions raised with respect to the arrangements, and a natural question to raise, relates to the U.S. agreement to waive all claims by the hostage families and the hostages themselves against Iran. In evaluating the wisdom of that waiver, several factors should be kept in mind.

First, most of the lawyers who have evaluated these potential claims have agreed that in all probability the statute enacted by Congress in 1976, the Foreign Sovereign Immunities Act, precludes the United States from hearing such claims, because of the sovereign immunity concept, and because the statute rules out claims based upon torts committed outside the United States. In other words, the claims are probably without any real financial value.

When you are in the position that I and my colleagues were in, in a negotiation, I think it is very important to analyze carefully whether you are giving up something of value or something that is largely cosmetic.

Second, it is quite clear, certainly it was quite clear to me, that the release of the hostages could not have been achieved as it was, in the time frame it was, without a waiver of the claims.

In our consultations with the families of the hostages, many of them, indeed I think it is fair to say nearly all of them, indicated that they did not want the release of the hostages to be delayed by damage considerations.

It was in the context of the foregoing matters that President Carter decided to waive the claims. But he also, recognizing that the hostages had endured great suffering, established a special commission to make recommendations to the Congress as to how the hostages should be compensated for their ordeal.

I have every hope and indeed every confidence that the Congress and the American people will see to it that fair compensation is forthcoming in this complicated situation. This is not the only time that this has occurred, and we have to be as fair to this group of hostages as we have been to people in more or less comparable situations in the past.

I would like to address myself just for a moment, Mr. Chairman, to some broader considerations.

REASONS TO IMPLEMENT THE AGREEMENTS

I have concluded my discussion of the so-called four corners of the settlement agreement. Allowing for my bias, it is my conviction that it is a good agreement and carrying out the unexecuted portions of the agreement would be in the best interests of the United States and its citizens, without regard to the broader considerations, such as U.S. foreign policy.

However, the broader considerations I think provide strong additional reasons for carrying out the Declarations of Algiers. These declarations were negotiated in good faith with the full authority of the President of the United States, and with his active and intensive participation.

The United States adherence to the Declarations of Algiers was based upon the opinion of the Attorney General that the declarations are binding on the United States.

It is especially important to remember that the Declarations of Algiers were achieved through the active participation of a number of governments who gave their assistance on the premise that the United States was acting in good faith.

Algeria's skillful and dedicated performance of its role as intermediary was, in my judgment, absolutely indispensable to a resolution of the crisis. I have no doubt in my own mind that without Algeria's participation the hostages would not have emerged from their chasm of fear.

In addition, the most senior officials of the United Kingdom, right up to the top, were aware of the important role being played by the Bank of England, and they facilitated that vital participation as it was appropriate for them to do so.

The Federal Republic of Germany played an active part as intermediary in September and October of 1980, as Secretary Muskie has alluded to, in meetings which developed the general framework for the settlement which was ultimately reached.

German officials continued to provide welcome counsel and encouragement to us, indeed they did so in the final week in Algiers in the course of a trip there by Foreign Minister Genscher.

Throughout the negotiations the Swiss represented our interests in Tehran with great vigor and great fidelity. Literally dozens of nations aided in efforts to commence or pursue negotiations for the release of the hostages.

Without belaboring this point, Mr. Chairman, against this background, repudiation of the agreements, either in whole or in part, would be regarded not only as a violation of our commitments to Iran, but what may be more important, as a breach of faith with Algeria, the United Kingdom, West Germany, Switzerland, and the

many other countries which helped us achieve the release of the hostages through negotiations.

Such an action would have, to understate the matter, a damaging effect upon our international reputation which would linger for a long time and would interfere with our capacity to carry out our foreign policy.

Mr. Chairman, I will be glad, along with my colleague and friend, Secretary Muskie, to try to answer any questions that the committee may have.

[Mr. Christopher's prepared statement follows:]

PREPARED STATEMENT OF HON. WARREN M. CHRISTOPHER, FORMER DEPUTY
SECRETARY OF STATE

I appreciate your invitation to appear before the Committee to discuss Iran's seizure of U.S. personnel at our Embassy in Tehran. The Committee inquiry appears to be wide-ranging in scope, and I will try to be responsive to your questions on a broad front, to the extent of my knowledge and information. However, it appears to me that it may be most useful and efficient if I concentrate my opening remarks on the Declarations of Algiers and the related Undertakings, and the negotiations which led up to the release of the 52 American hostages.

BACKGROUND

Let me begin by a brief indication of the background of the Declarations of Algiers. While efforts to obtain the release of the hostages were pursued through many channels from the outset of their captivity, the immediate precursor of the negotiations that led to the Algiers

Declarations was an overture we received in September 1980. On September 9, we received a message from the Federal Republic of Germany that a senior Iranian official wished to meet with a U.S. representative under German auspices. To authenticate their approach, the Iranians gave us an advance indication of the four points regarding the release of the hostages which were publicly announced in the Ayatollah Khomeini's speech on September 12. At President Carter's direction, I met with the Iranian official in Bonn, in the presence of Foreign Minister Genscher, on September 16 and 18. Preparations for these confidential meetings were made by a U.S. group which continued to function right up to the final release of the hostages. The basic framework of the U.S. position as conveyed to the Iranians in Bonn in September is clearly reflected in the Declarations of Algiers.

The September meetings with the Iranian official were promising, but the outbreak of the Iraq-Iran war side-tracked our plans to meet again. Nevertheless, a special committee of the Iranian Parliament, which had been set up to deal with the hostage problem at the time of the initiative in Germany, continued to function, and it made its report to the Parliament on October 28. The Parliament's

resolution adopted on November 2 amplified the four Khomeini points, although in an ambiguous and confusing manner. At that time Iran asked Algeria to deliver the Parliament's resolution to the United States and, for the first time, asked Algeria to act as "intermediary." We furnished the Algerians the initial U.S. position on November 8 and, following an Iranian response, we furnished Answers of the United States and Comments thereon to the Algerians on December 2. Iran's response on December 19, asking for a total of \$24 billion in guarantees was, to put it mildly, a setback.

At this point, in an attempt to bring the negotiations into focus, we reformulated the position of the parties as a series of interdependent commitments made between the United States and Iran to the Government of Algeria. This reformulation was taken to Tehran by the Algerian team in early January, and it became the basis of the final negotiations leading up the Declarations of Algiers.

SUMMARY OF RESULTS

Through the long agony of the holding of the hostages in Iran, the United States held firm to two basic principles:

--That we must work unceasingly for the prompt and safe return of the hostages, and

--That our efforts must be fully consistent with our national interests and national honor.

The Declarations of Algiers, which brought about the safe release of the hostages, are faithful to these principles. In summary, under the terms of the two Declarations (sometimes referred to as the Basic Declaration and the Claims Settlement Declaration), the following are the net results:

I. The United States has not apologized to Iran.

II. The United States has not paid ransom to Iran; on the contrary, the only funds to be paid to Iran are those owned by Iran, and substantial amounts of Iranian funds are to be held to pay U.S. claims.

III. The United States has not taken sides or compromised its non-involvement in the Iran-Iraq conflict.

IV. The Shah was not returned to Iran, and Iran's claims to the property of the Shah and his family will have to be adjudicated in U.S. courts in full accordance with due process of law.

V. An international arbitral Tribunal, backed up by a \$1 billion security fund, will be set up in order to hear and pay the commercial claims of U.S. citizens against Iran.

I would like to address each of these points briefly in my testimony.

I.

(No Apology)

Neither the Declarations nor any of the associated documents contain any provision which constitutes an apology by the United States.

The non-intervention pledge in Point 1 of the Basic Declaration is merely a reiteration of existing U.S. policy when it states that "it is and from now on will be the Policy of the United States not to intervene" in Iran's internal affairs.

During the negotiations, Iran sought to have the non-intervention pledge stated solely in prospective terms - i.e., "from now on will be." Such a formulation was apparently intended to imply that the United States was changing its policy in return for the release of the hostages. That proposal was rejected, and the resulting formulation represents no more than a reiteration of frequently-stated, current U.S. policy.

II.

(No Ransom)

Under the Declarations, the release of the hostages occurred without the payment of any funds or property of the United States or of U.S. nationals. The only funds or properties which are required to be paid over to Iran are Iranian funds or properties which were frozen by the November 14, 1979 order of the President. These provisions are in accordance with a basic principle of the Declarations that the parties will work toward the restoration of the financial situation which existed prior to the freeze order. In this connection, it should be remembered that the economic sanctions imposed on Iran exacted a heavy price in terms of the isolation of Iran and the disruption of its economy.

Two categories of Iran's assets -- those in the Federal Reserve Bank of New York and those in foreign branches of U.S. banks -- were paid into escrow in the Bank of England, and it was of course this payment which "triggered" the release of the hostages. It is significant that only about 36 percent of the funds and securities required to be paid into the escrow were then actually paid over to Iran. Specifically, of the \$7.955 billion required to be paid into the Bank of England escrow, \$3.67 billion was used to pay off debts of Iran to U.S. banks, \$1.4 billion was retained in the escrow account for the purpose of paying amounts disputed by the U.S. banking institutions or by Iran in connection with the loans and deposits, and only the remainder (approximately \$2.88 billion) was paid to Iran.

Although other categories of Iran's assets are required ultimately to be transferred to Iran -- namely (a) Iran's assets in U.S. branches of U.S. banks; (b) Iran's financial assets held in U.S. non-banking institutions in the U.S. and abroad and (c) Iran's other property held in the U.S. or abroad -- \$1 billion of those Iranian assets will be placed in a security account to be used for the purpose of paying U.S. claims in accordance with the claims settlement procedure which I will describe in a moment.

To sum up this point, since only Iranian funds were involved in the release of the hostages, it is plain that no ransom was paid.

III.

(Non-Involvement in Iraq-Iran Conflict)

Following the outbreak of the Iraq-Iran war on September 22, 1980, fears were expressed that, in connection with the release of the hostages, the U.S. might agree to undertake a new military supply relationship with Iran or to deliver a large amount of war material to Iran. To have done so would have brought charges that the U.S. had taken sides in the war, and compromised its position of non-involvement.

Fortunately, the Declarations permit the United States to maintain its position of non-involvement in the war. The United States is neither committed to undertake a new military supply relationship with Iran nor to turn over a large amount of war materials. Indeed, the Declarations contain no reference at all to military supplies or war materials.

In connection with the ongoing requirement that the U.S. transfer Iranian properties in the U.S. to Iran, the non-involvement position of the U.S. is fully protected by the provision that the transfer is "subject to the provisions of U.S. law applicable prior to November 14, 1979," which means that the usual export and munitions controls will apply to transfers of property to Iran. This will enable the U.S. to insure that any transfers made do not result in the U.S. "taking sides" or otherwise becoming involved in the conflict.

IV

(No Confiscation of Shah's Assets)

Throughout the crisis, Iran insisted on a return of the wealth of the former Shah and his family. The demand was pressed even more vigorously after the death of the Shah in July 1980. Indeed, as recently as December 19, 1980 Iran was demanding the establishment by the U.S. of a \$10 billion guarantee fund to insure the return of the Shah's wealth.

During the negotiations, the U.S. never deviated from the position that under our system of government,

the transfer of private property from one party to another can be ordered only pursuant to procedures which afford due process of law. Late in the negotiations Iran finally accepted that principle, and it is reflected in the Declarations. As a result, the Shah's estate and his close relatives will have full protection of due process of law with respect to claims against their properties by Iran.

Under the Declarations (Paras. 12-15) the U.S. has agreed to take certain actions in connection with any lawsuits brought by Iran regarding the Shah's wealth, but these commitments are carefully limited.

The commitment to prohibit the transfer of Shah-related property will arise only when Iran has filed and served a lawsuit against an individual who is alleged to be a close relative of the Shah. Only then will his or her U.S. property be temporarily frozen, and such a freeze order will remain in effect only until the litigation is terminated as to any such defendant. The likelihood is that, even in the absence of such a freeze order, a court would place approximately the same restrictions on the property involved in litigation by judicial order.

Similarly, the requirement for the disclosure of information regarding the property of the former Shah or his family arises only upon the commencement of litigation and the proper service of defendants. Once a close relative of the Shah has thus been served in litigation, persons with information about property of his in the U.S. will be required to report it to the Treasury, but the information to be furnished to the Treasury is the same kind that would be available to a plaintiff in any event under normal civil "discovery" procedures.

In sum, The United States refused to return the Shah to Iran prior to his death, and it has also steadfastly refused to confiscate and transfer his U.S. assets, insisting instead on the maintenance of the Constitutional requirements of due process of law.

V.

(Claims Settlement Tribunal)

One of the most challenging issues throughout the negotiations was to provide a suitable method for U.S. nationals to pursue their commercial claims against Iran, while at the same time responding to Iran's demand for

the return of its frozen assets and a nullification of U.S. claims encumbering those assets.

This issue was resolved through the establishment of the "Iran-United States Claims Tribunal," as provided for in the Claims Settlement Declaration. As is customary with such international tribunals, one third of the members of the Iran-U.S. Tribunal will be appointed by the U.S., one third will be appointed by Iran, and one third will be neutral -- to be chosen by the two parties. The Tribunal will function in accordance with the rules of the U.N. Commission on International Trade Law.

One of the most significant features of this approach is the establishment of a security account for the sole purpose of paying awards made by the Tribunal against Iran. An initial deposit of \$1 billion will come from Iran's deposits in U.S. branches of U.S. banks. Moreover, the security account will operate under the "bottomless pitcher" concept, in the sense that Iran is required to maintain a minimum balance of \$500 million in the account.

Once the two sides had agreed to establish the foregoing mechanism for validating and paying U.S. claims,

it became possible for the U.S. to agree to require such claimants to move their claims from the U.S. courts to the new forum and give up any judicial attachments on Iranian properties in the U.S. It should be noted, however, that U.S. claimants generally should be significantly better off with the new program than they were before the hostage crisis arose. Prior to the crisis, most of Iran's assets in the U.S. were protected by Iran's sovereign immunity, and for that and other reasons U.S. claimants would have faced great difficulty in actually collecting on their claims. Now, by contrast, Iran has committed itself to let the claims be litigated before the special tribunal and paid from the bottomless pitcher.

In agreeing to this Claims Settlement Program, we recognized that some U.S. claimants would probably challenge the President's authority to proceed in this way, and the Attorney General was of course closely consulted on the question. The Attorney General's opinion of January 19, 1981, reviews the legal issues with care and comes to the clear conclusion that the President was fully authorized to bring this Claims Settlement Program into existence as he did. I was advised before the Declarations of Algiers were initialled that the Department of Justice expected

to be able to defeat all challenges to the President's authority to enter into these arrangements.

One of the questions raised with respect to these arrangements relates to the U.S. agreement to waive all damage claims by the hostages and their families against Iran. In evaluating the wisdom of that waiver, several factors should be kept in mind. First, most of the lawyers who have evaluated these potential damage claims agree that in all probability a statute enacted by Congress in 1976, the Foreign Sovereign Immunities Act, precludes the U.S. courts from hearing any such claims (because, among other reasons, they are based on torts committed outside the U.S.). In other words, the claims are probably without any real financial value. Second, it is quite clear that the release of the hostages could not have been achieved as it was without a waiver of the claims. In our consultations with the families of the hostages, many of them had indicated that they did not want the release of the hostages to be delayed by damage considerations. In these circumstances, President Carter decided to waive the claims, but he also established a special commission to make recommendations to the Congress as to how the hostages should be compensated for their ordeal. I have every confidence

that the Congress and the American people will see to it that fair compensation is forthcoming.

BROADER CONSIDERATIONS

This concludes my discussion of the "four corners" of the settlement agreements (the two Declarations and the Undertakings). Allowing for my bias, it is my conviction that it is a good agreement and that the carrying out of the unexecuted portions of the agreement would be in the best interests of the United States and its citizens -- without regard to broader considerations such as U.S. foreign policy and our reputation for keeping our commitments.

These broader considerations, which merit careful consideration, provide strong additional reasons for carrying out the Declarations of Algiers. Those Declarations were negotiated in good faith with the full authority of and with the active participation of the President of the United States. The United States Adherence to the Declarations was based upon the opinion of the Attorney General that the Declarations are binding commitments of the United States.

It is important to remember that the Declarations of Algiers were achieved through the active participation of a number of foreign governments who gave their assistance on the premise that the United States was acting in good faith. Algeria's skillful and dedicated performance of its role as intermediary was indispensable to a resolution of the crisis; I have no doubt that without Algeria's participation as intermediary, the hostages would not have emerged from their chasm of fear. In addition, the most senior officials of the United Kingdom were aware of the important role of the Bank of England, and facilitated that vital participation as appropriate. The Federal Republic of Germany played an active part as intermediary in September and October of 1980 in meetings which developed the general framework of the settlement ultimately reached, and German officials have continued to provide welcome counsel. Throughout the negotiations, the Swiss represented our interests in Tehran with great vigor and fidelity. Literally dozens of other nations aided in efforts to commence or pursue negotiations for the release of the hostages.

Against this background, repudiation of the Declarations of Algiers, in whole or in part, would be regarded not only as a violation of our commitments to Iran but also as a breach of faith by Algeria, the United Kingdom, West Germany, Switzerland, and the many other countries that sought to help us achieve the release of the hostages through negotiations. Such action would have, to understate the matter, a damaging effect on our international reputation which would linger a long time and interfere with our capacity to carry out our foreign policy.

I would be glad to try to answer any of the questions of the Committee, or to elaborate on any aspect of the negotiations in Algiers.

LESSONS FOR FUTURE U.S. POLICY

Chairman ZABLOCKI. Thank you, Mr. Secretary and Mr. Christopher. I do not believe that there is any intention or desire on the part of Members of Congress, certainly not the majority Members of Congress not to fulfill the agreements. These hearings as I said in my opening statement are being held primarily to reach a better understanding of how we can avoid a reoccurrence of what has happened in Iran. Therefore I would like to ask both of you briefly, in your opinion, your assessment of what we have learned from this ordeal?

We are told perhaps we might have withdrawn more of our personnel—we did reduce the number of U.S. military and other people from 1,400 to approximately 60, but should we have drawn down even more. Should we have hardened the Embassy more. Should we have closed the Embassy. How do we deal with terrorism when we receive conflicting signals. At what time do we move to prevent a reoccurring situation as we have experienced in Tehran in protecting not only our U.S. Government personnel but also other U.S. citizens in the area. It has been suggested perhaps there should be a conference of nations to set out a sort of set of rules as to when and how other nations will come to the aid of a nation subjected to terrorist actions. There are those who are critical of the international response, despite the fact we had help from many of our friends and allies, and from some countries that are not necessarily our best friends; but maybe there could have been greater cooperation and response on the part of other nations if they had only realized they could be next. Could we have your views, Mr. Secretary.

Mr. MUSKIE. I have never had much confidence in the judgments of Monday morning quarterbacks. They rarely made the Saturday afternoon games and so have no record of success to match with their reputation of greater wisdom. There are certain basic facts I think one must understand about our diplomatic representation in countries. Our diplomats often serve in countries in which the environment is hostile to the United States. That happens all around the world and it would not be difficult for any member of the committee to list more than one such country today. Their function is to conduct our diplomacy, not only diplomacy with countries that are friendly with us but countries whose relations with us are important whether or not their policies are in conformity with our own or friendly to ours. This was not the only situation in the 8 months I was Secretary in which we had to consider whether or not the safety of our diplomatic personnel in particular countries ought not to require actions on our part to limit the danger to them. We have reduced our diplomatic representation in other countries during this period and probably will do so elsewhere. The second point that needs to be made is that there is no way of protecting, absolutely protecting our diplomatic personnel without the cooperation of the host government. And may I say, prior to the seizure of the hostages by militants not then part of the Government, Iran had assured us of its intention to protect our personnel and indeed on, I think, February 14 when our Embassy was attacked the Iranian Government responded. I think it was the

Deputy Foreign Minister who led the forces—I do not know if there was an actual siege—to protect our diplomatic personnel in Iran.

We had reduced our personnel I think from some 1,200 at the peak to some 70 or less just prior to the hostage situation. Prior to admitting the Shah to the United States for medical treatment we had consulted with the Government of Iran and had been assured, not once but I think two or three times, that although admitting him to the United States might stir public reaction on the part of the people of Iran the Government would protect our people. They did not do so. So there is no such thing as an absolute protection and I doubt that it would be wise to remove our personnel at the slightest hint of hostility in countries around the world. Otherwise we diminish our ability through diplomacy to influence situations of that kind in a favorable way.

But it is something that is a judgment call in each case.

With respect to what the community of nations might do, I do think on the basis of this experience, that the community of nations, through the United Nations or in some other way, ought to seek ways to strengthen the international conventions which apply to protecting diplomatic personnel. There should be a way to trigger speedier, more effective reaction on the part of other countries once the World Court makes a finding that such an unlawful seizure has taken place. An automatic cutting off of diplomatic relations or economic relations would of course be the strongest kind of sanction but whether or not it is possible, given the present state of our international institutions and the divisions of opinion within those institutions, to adopt a kind of sanction that would be triggered more or less automatically is a question. But I think it ought to be pursued. Indeed I think this experience demonstrates that the diplomatic isolation and economic sanctions can have that effect. It was not swift, it was not quick, but it worked ultimately. I am suggesting that if they could have been put in place more quickly and supported more broadly by more nations that perhaps the result might have been a speedier one. So I think that route is worth pursuing.

Chairman ZABLOCKI. I note my time has expired. I wish to announce, as the members have been informed, the Chair always takes into consideration in calling on members on the number of members present on both sides of the aisle at the start of the meeting. I wish to advise there were nine each at the beginning so we will again call one on one. Mr. Broomfield.

QUALITY OF U.S. INTELLIGENCE

Mr. BROOMFIELD. Thank you, Mr. Chairman. Mr. Muskie, it is difficult to assess what really went wrong in Iran to bring about the taking of the hostages but what I am wondering about is did we have poor intelligence? Do you feel our intelligence was adequate to make a judgment when all this took place? In other words were we forewarned that the Shah was going down the tube and did we have a chance to do something differently?

Mr. MUSKIE. I do not know that I am in the best position to judge the quality of our intelligence resources immediately following the revolution. My impression is they were substantially impacted by the revolution and our ability to follow events in Iran was reduced

comparably. Indeed during the reign of the Shah himself I gather that our intelligence gathering was not what we would have liked. I do not know that I should say more than that and indeed I am not qualified to say more than that from personal exposure to our intelligence at that time. Perhaps Mr. Christopher would have other comments to make.

Mr. BROOMFIELD. Warren, what can you add to this?

Mr. CHRISTOPHER. You focused on the time of the Shah, Congressman Broomfield. I think there is no question in hindsight that the grip of the Shah on the country and the condition of his health had deteriorated more rapidly than we realized here. He had been in power a long time. Our predecessors had a great deal of confidence in his ability to manage the country, to manage its economy, to manage its army. That seemed to have disintegrated very rapidly in 1978. When you have a situation in which you have both the personal capacity and the health deteriorating, and a revolutionary situation developing in a country, I think it is a challenge to political reporting and intelligence which we ought to try to heighten for the future.

CURRENT POLITICAL SITUATION IN IRAN

Mr. BROOMFIELD. I would like to ask either one of you what you could tell us about the political situation today in Iran. In other words is it stable or is there the possibility that there could be a change in government there?

Mr. MUSKIE. Of course they do have in place now the political institutions which took so much time to develop over the course of the calendar year. To the extent that those political institutions are used to govern the country, to that extent the country is developed politically. With respect to the division in the contest for political authority and power within the country, that I think still continues and indeed other forces seem to be entering the political struggle. Some more moderate forces, intellectual groups, people who have not been identified, indeed who have been silent over the last 2 years seem now to be developing the courage and seem to have found the opportunity to begin to express their criticism of the policies that have been imposed on them by Government. They have been challenging the Government's record with respect to civil liberties, with respect to imprisoning political people and the arrest of merchants. So, especially with respect to the impact on their economy they are a potentially important force in Iran, so it is still very much in turmoil.

IMPLEMENTATION OF THE AGREEMENTS BY IRAN

Mr. BROOMFIELD. The reason I asked that question, Warren, is that you mentioned the security account and I was wondering if the situation is unstable there and if they may be unable to meet their obligation to replenish this account. If there are insufficient funds to pay a valid commercial claim by a U.S. citizen, what effective recourse would we have available to that claimant?

Mr. CHRISTOPHER. Let me respond to that Mr. Broomfield. In the first place, the initial \$1 billion in the security account comes from funds which Iran has on deposit here in the United States. That is

a very large sum and may cover a great many of the U.S. claims. No one knows at this point about how valid those claims are, how much they may be inflated, how much water may be in them. In addition to the \$1 billion in the security account, as you know, Iran was required to leave \$1.4 billion in escrow in the Bank of England to pay disputes between our banks and the Government of Iran. So you start with a very large amount of money set aside for paying disputes or claims. But your question I think focuses on what assurance do we have that the pitcher will be refilled as is required by the agreement. Just to restate the matter, Iran is required, if the security fund drops below \$500 million, to maintain it at that level. I think there are two aspects of that, Congressman, that I would comment on. First, from a legal standpoint, Iran is obligated under the claim settlement declaration to maintain the \$500 million level. If Iran fails to meet that obligation the United States can move in the tribunal itself to enforce that obligation, and should Iran fail to respond to such a motion the United States would have recourse against Iranian assets around the world. Iran does sell a large amount of oil around the world, does have very substantial assets around the world, so that is the legal aspect of it.

Second, from a policy standpoint my own feeling is that one of the major factors that caused Iran to finally settle this long nightmare was the desire to get back into more or less good standing with the rest of the world and its financial community. If I am right about that, then the worst thing that Iran could do would be to fail to live up to its commitment which involves not only the United States but involves Algeria which is perhaps the most important or one of the most important of the Moslem countries. So I think there is a very strong commercial and financial policy incentive for Iran to keep the pitcher filled.

Chairman ZABLOCKI: Mr. Fascell.

ROLE OF WARREN CHRISTOPHER

Mr. FASCELL. Thank you, Mr. Chairman. Gentlemen, I am delighted to see you both again and to extend my commendation to you. What I really want to say, Warren, is that it is a good thing that the United States had the right lawyer in the right place at the right time. At what point did you take charge of this negotiation and why?

Mr. CHRISTOPHER. Congressman Fascell, I think, without being unduly modest, I ought to emphasize I never took charge of it. It was always in the hands of the President and the Secretary of State and there were a lot of good people working with me.

Mr. FASCELL. I was not even suggesting that, Warren. You know what I mean.

Mr. MUSKIE. Perhaps I could answer that.

Mr. CHRISTOPHER. I think my direct involvement as head of the U.S. team occurred on about the 9th of September when we received a secret message from the German Government that a high-ranking Iranian wanted to meet in Western Europe to discuss the possible basis for resolution of the crisis. Because the Secretary was involved in other matters here the President asked me if I would personally undertake that meeting and to head up the team to prepare for that meeting. That was the beginning of the time when

we addressed the real conditions for the release of the hostages. Prior to that time we had hoped that we could put all of these complicated financial arrangements over until after the release and to work it out on a joint commission. At that point we knew we had to try to make plans in advance and the President asked me to head up that team.

Mr. MUSKIE. Could I add something to this?

Mr. FASCELL. Certainly, Mr. Secretary.

Mr. MUSKIE. At the time of that initiative which Chris has referred to, we were not sure, nor could the Germans be sure, as to whether or not this initiative originated with those who had authority in Iran. So it had to be pursued very quietly. Because I was Secretary I suppose that could not have been done very quietly if I had been moving around. Even with respect to Chris there was some delicacy in arranging for meetings to probe the possibility.

The second point I would make is this—it was clear from the outset that eventually we would have to deal with very technical matters, not only legal but banking, financial, and that we needed a team of experts in Treasury, Justice, as well as our own counsel—and Chris, as you all know, is one of the outstanding lawyers in the country. We needed to put together a team that would eventually be in a position to negotiate what proved to be a very technical and complex matter. So on all those counts I think the President properly asked Chris to head the team with the result we are aware of now.

Mr. FASCELL. I appreciate that and recognize it and certainly concur in the decision. I was not being critical at all. I raise the issue only because the Subcommittee on International Operations, which I chair, has for a good many years been involved in the study of evaluation of the crisis management capability of the U.S. Government. For many years we have all been less than satisfied. Again, without being critical, nobody knows what they would do in a similar situation; the whole issue of crisis management needs to be reviewed very carefully. I would hope at some time, Mr. Christopher and Mr. Secretary, that as the subcommittee gets into the study on this particular issue that we could have the benefit of your counsel and advice in trying to derive not just better structures but better crisis management capability.

SELECTION OF THE NEGOTIATING TEAM

For example, one of the things I would like to know—you already outlined the makeup of the team as such—tell me how the team was selected. Did it start out as an interagency concept and then specific people were selected?

Mr. CHRISTOPHER. Yes. After the President turned and asked me if I would undertake this I told him I thought that each of the key Departments ought to be involved, but it was necessary to do this with a high degree of confidentiality. He asked his counsel, Lloyd Cutler, to become involved and Lloyd was involved from the beginning to end. He felt and I felt that someone from Treasury was crucial. Secretary Miller designated Robert Carswell. The Attorney General was involved and he designated the head of the Office of Legal Counsel, John Harmon, and his Deputy, Larry Sims. A member of the National Security Council, Capt. Gary Sick, who

was familiar with Iranian matters, was involved. From the State Department I asked that there be involved Harold Saunders, who testified here, and Roberts Owen, our legal advisor, because it was clear to me that he was going to be a critical factor. And Arnold Raphel, who was the Secretary's special assistant, gave me a number of different advantages: first, that of keeping the Secretary constantly informed, and second, Mr. Raphel is one of the few Farsi speakers, an Iranian expert, in the State Department. So the team was put together in that way. The decision was made that only those on the team would be aware of the most secret aspect of the negotiations and only they were aware for a long time.

Mr. FASCELL. There are a hundred other questions of course I would like to pursue in that vein but we will do that at a later time. I want to thank you very much.

Chairman ZABLOCKI. Mr. Findley.

Mr. FINDLEY. Mr. Secretary, I am trying to think of when it was—it was about 2 years ago I saw you demonstrate a remarkable skill. You hypnotized a live lobster at luncheon here on Capitol Hill. Once I saw that you had that skill I was never in any doubt that the Department of State, under your leadership, would bring about this successful negotiation.

Mr. MUSKIE. Stroking the Iranian Government is a different proposition than stroking a lobster's tail.

NORMALIZATION OF RELATIONS WITH IRAN

Mr. FINDLEY. Mr. Secretary, I have two questions. One is whether our Government will establish direct diplomatic relations with Iran.

ROLE OF THE PLO

My second question is to find out if your assessment of the role of the PLO, as an organization is the same as that of Assistant Secretary Saunders. He indicated in his testimony yesterday that the PLO, as an organization, did attempt to be helpful at various stages by seeking the release of the hostages and at no point was involved in either the takeover of the Embassy or in the continued captivity of our fellow citizens in Iran. In other words, he saw the PLO role in regard to this episode as a positive one, rather than a negative one. I would appreciate your comments on those two questions.

NORMALIZATION OF RELATIONS WITH IRAN

Mr. MUSKIE. With respect to the first, I suspect that normalization of relations with Iran is going to be a slow evolutionary thing and it might be well started by these agreements. If these agreements are, indeed, honored by both sides and implemented by both sides in their fullest meaning, that could well be the beginning of confidence on both sides, and maybe diminution of the bitterness now that sharply separates the two sides. That could well be the first step. If either side repudiates then there would be a setback to that evolutionary process. I think we all recognize the strategic importance of Iran. Its importance does not disappear because we have had this bitter bilateral experience. We are also aware that

Iran does not naturally turn to the Soviet Union, but it might well be motivated to do so if that is its only recourse in terms of its international arrangements. So I think we do have to be concerned about that and we do have to be concerned about Iran as a strategic piece of real estate in terms of the Iran-Iraqi War, in terms of bringing that to a conclusion, and so on.

There are two parallel sets of interests we have. There are already signs on both sides of an interest in resuming commercial relations. Iranian businessmen have been making contacts and approaches to American businessmen. American businessmen have been inquiring of the Government what the Government's attitude would be about such things. I think that is going to be slow to develop, but the irresistible commercial impulse is there and it may have the effect of speeding normalization and we all recall, our great enemies of World War II, Japan and Germany, are now two of our great friends and supporters and important trading partners. So that sort of evolution takes place. I do not know of any way to put a time frame around this particular problem. It is going to be slow to come. I do not think you can push it too fast.

Mr. FINDLEY. So you would object to trying to establish an interests section at this stage?

Mr. MUSKIE. We do have the Swiss, if that is what you mean. We do have the Swiss representing us but we do not have an intersection.

Mr. FINDLEY. And we do not have diplomats in the Swiss Embassy or attached to them to my knowledge.

Mr. CHRISTOPHER. If I can put in my oar, I think it is too early to send U.S. personnel to Tehran.

Mr. FINDLEY. Yes, I certainly agree with you, Mr. Christopher. Would you comment on the other questions, Mr. Secretary.

ROLE OF THE PLO

Mr. MUSKIE. The PLO involvement in this situation predated my selection as Secretary of State but I have been briefed on their role in this matter. I am aware of the discussion that took place with Mr. Saunders yesterday or the day before yesterday. I think his description of that role squares with my own understanding of it. It was a PLO initiative. There was no deal in connection with it. They may have had some role to play in the release of the original 13 women and blacks who were released. Beyond that I am not aware of their further involvement.

Mr. FINDLEY. In using the term "there was a PLO initiative," you refer to their efforts to secure the release?

Mr. MUSKIE. Yes.

Mr. FINDLEY. Thank you, Mr. Secretary.

Mr. CHRISTOPHER. I think probably for purposes of accuracy as far as I am concerned I would need to say that I do not know enough about the composition of those who originally took over the Embassy to exclude any faction from them. I have no reason to think that the PLO was involved but one of the continuing unknowns even to people that follow the matter rather closely is the composition of the group who initially took over the Embassy.

Chairman ZABLOCKI. Mr. Solarz.

U.S. RESPONSE TO SIMILAR SITUATION: TO NEGOTIATE OR NOT

Mr. SOLARZ. Thank you, Mr. Chairman. Gentlemen, it is good to have both of you back. For a brief moment it created the comforting illusion that nothing went amiss on November 4.

Mr. Secretary, you said in your testimony, and I now quote, "I think this episode will be seen in time as a sound and successful application of our preference for settling disputes by peaceful means." Yesterday the administration issued a statement on the hostage situation in which it said, and I quote, "The present administration would not have negotiated with Iran for the release of the hostages. Future acts of state sponsored terrorism against the United States will meet swift and sure punishment."

Obviously this represents two rather fundamentally conflicting views of how we deal with this kind of situation. I would like to ask you, drawing on your experience in this hostage crisis and drawing on your experience as one of the senior Senators and statesmen in our country, if we were to be confronted with such a situation in the future, do you think our national interests would be better served by trying to resolve it through a process of negotiation such as the one we engaged in with respect to Iran? Or do you think, taking everything into consideration, including the lives of the hostages, the reputation of the country, and the attitude of the American people, that we would be better off making it clear that we will not enter into such negotiations and that we will take whatever retaliatory action we deem appropriate?

Mr. MUSKIE. It seems to me unwise to try to freeze in concrete specific means which one might take to deal with a hypothetical or apparently identical repetition of this situation. The nonnegotiating option looks very easy now that the hostages are free and back, but if we had adopted that option the hostages would still be in Tehran. What now then would be our options? Would they be different? Would we leave them there? Would we seek some military option? Those who say they would not have negotiated have not suggested what alternatives were available.

The second point that I would make concerns the "swift and certain"—I think that is the phrase—retribution formula. I have no quarrel with the rhetoric but I do not know of any way that one can assure swift results. One can certainly assure certain results or put in train policies that will achieve certain results. The policies the Carter administration put in place achieved the result which we all welcome. I do not know of anybody who has not welcomed the result, which was the safe release and freedom of the hostages. That result was certain and it followed in a direct line from the diplomatic isolation and the economic sanctions that were imposed. Now the new phrase does not imply whether the means used will be military or nonmilitary, economic or diplomatic or what. All that is promised is certainty and swiftness. The swiftness I have some trouble with because the circumstances surrounding a repetition are unknowable. Suppose the seizure were to take place in Tibet? Now just how would one assure swift and certain release of hostages in that remote geographic piece of territory? Whatever the policy may be with respect to swift and certain, one must have at least in the back of one's mind the circumstances will surely influence the means available.

Mr. SOLARZ. Mr. Secretary, leaving aside the ultimate consequences for the safety of the hostages which obviously was a primary consideration, in your judgment what impact did our decision to engage in negotiations with the terrorists have on our reputation abroad? What might the impact have been had we taken the position that we would not negotiate with what in effect was a group of terrorists for the release of our diplomats?

Mr. MUSKIE. Insofar as our closest allies and friends are concerned they applaud the fact that, notwithstanding our power, we used restraint and were successful. That is the reaction I received from all of those people, not only after the hostages were released, but also in the course of the agonizing negotiations which Chris discussed and which brought us in contact with so many of our allies.

INVOLVEMENT OF U.N. SECRETARY GENERAL WALDHEIM

Mr. SOLARZ. My time is running out. I think that was a helpful answer. One final question. On January 22 "ABC News" had a documentary on the hostage crisis. In the course of it Pierre Salinger made the following statement:

The United States told Secretary General Waldheim it was ready for a tradeoff. If the Iranians will release the hostages then Iran can have its U.N. Commission and investigate past United States action in Iran to its heart's content. It was the best negotiating card the United States had at that time and the only thing they were willing to put on the table.

Here is what happened * * *

Salinger went on to say:

Instead of proposing, as the American Government had asked them to, a U.N. Commission after the hostages were released, Waldheim reversed the plan. He proposed the U.N. Commission would go to Iran without any prior agreement on the release of the hostages. Waldheim was aware before he went to Iran that the United States Government was totally opposed to this idea. Yet he changed the plan. He confirmed this in an interview with ABC News, U.N. correspondent Lou Cioffi.

My question to you, Mr. Secretary is, is this report on Waldheim's actions on the mission to Tehran essentially accurate or is it inaccurate and if so in what respects?

Mr. MUSKIE. It is not our view nor was it President Carter's view, nor the view of anyone identified with Mr. Waldheim's role that Mr. Waldheim's participation was anything but helpful. Mr. Waldheim was not an agent of the U.S. Government. He was Secretary General of the United Nations undertaking to offer his good offices to identify a basis for moving toward release of the hostages. It would have been very difficult for him to go into that situation with a fixed plan from which he could not move. I discussed this with President Carter the day of the ABC program and he had nothing but very positive feelings about Mr. Waldheim's role in that whole situation.

Mr. SOLARZ. Thank you very much.

Chairman ZABLOCKI. Mr. Winn.

WILL IRAN HONOR THE AGREEMENTS?

Mr. WINN. Thank you, Mr. Chairman. Secretary Muskie, and Secretary Christopher, I want to commend both of you for the parts you played in this. I do not know the answer to it. I know

this committee is dead serious about trying to find the answers and that may be the reason for some of these questions. Both of you seem to be pretty optimistic that Iran will honor its side of the declaration of Algiers when they did not live up to their other agreements. As you mentioned, they said they would protect our diplomats and they did not. What makes you think they will live up to the agreement now?

Mr. MUSKIE. I do not think there is any such thing as a guarantee. I suspect we would not have been in a position on January 20 to guarantee that our side of the agreements would be implemented. We thought the merits of the agreements were such that the Reagan administration would, after studying it, probably find it to be something they could support and implement. With respect to Iran, as Chris has pointed out, Iran has learned some lessons in these last 14 months and it has decided that Iran's interests require the reestablishment of normalcy in their international relations, in their financial dealings with other countries and institutions abroad, and that I think is their principal motivation. If they were suddenly to depart from what seems to have become a rather steady movement on their part since September, then of course they might well breach this agreement, but if they continue to pursue what they have now been pursuing at some cost to themselves, it seems to me that there is a very strong motive for them to implement the agreement, and if they cannot or if they decide not to we have recourse, legal recourse, through the Arbitral Commission, to pursue Iranian assets wherever they may be found and they are considerable.

Mr. WINN. I hope we do not have to go through that. I hope they do live up to their commitments. I am not quite as optimistic as you.

Mr. MUSKIE. With respect to the word "optimism," all through the last few months the press constantly asked me, "Are you optimistic or are you pessimistic about the results?" As I told them and as I repeat now, I excluded those two words from my vocabulary. You have to try to deal with this pragmatically and try to put in place policies that would lead to your result. Our experience with Iranian actions is such that we ought not to tie our actions too closely to any feelings of optimism or pessimism.

IMPACT OF IRAQ-IRAN WAR

Mr. WINN. In your opening statement you gave us several reasons why you thought that the Iranians finally sat down and began to seriously negotiate the differences. If my memory serves me correctly you did not mention the Iraqi war. Now it must be a part of their decision.

Mr. MUSKIE. I thought I had mentioned it.

Mr. WINN. Maybe briefly.

Mr. MUSKIE. I think I said the Iraqi war—if I did not I meant to—the Iraqi war exasperated the impact of the economic measures that have been taken against Iran; denied them markets they needed, not only for military supply but for other purposes; denied them markets for their oil; cut their oil production still further; so of course the Iraqi war did add to the pressures. You are absolutely right.

USE OF MILITARY THREAT

Mr. WINN. My last question is—again I am going to try to make you a Monday morning quarterback. I think we are all doing that, including the Reagan administration, including Salinger and other people. What if President Carter had said that within 48 hours after the hostages were seized on November 4, 1979, that we would bomb Qum if they were not released? What if we had threatened the power that we have?

Mr. MUSKIE. Well, then we would have been playing that old familiar game of chicken. If we made the threat and they did not respond to the threat we would have had to do it or we would not have had any credibility thereafter.

Mr. WINN. Is it true the Russians told us within a week after that at the United Nations, "Do not have a military attack on Iran because of the hostages being seized, or we will have to retaliate."?

Mr. MUSKIE. I am not aware of that, Congressman. I do not know about that. Chris?

Mr. CHRISTOPHER. Nor am I.

Mr. WINN. I was up there. The statement was not made but the rumors were pretty good. I do not know if they were throwing out smokescreens or not.

Mr. MUSKIE. I may say this—and I am not sure I should say this much—but with respect to the situation in Iran following the invasion of Afghanistan, Iran became a very sensitive piece of real estate from our point of view in terms of Russian intentions, independent of the hostage situation—and I am sure it may have, from their point of view. The combination of the two has raised the visibility of Iran in terms of each country's perception of its security interests, I am sure. But I am not aware of any such exchange as you describe.

Mr. CHRISTOPHER. Whether it was Monday morning or Tuesday morning or Wednesday morning or any day of the week I think it would have been a mistake to have given a 48-hour deadline with the consequences of our bombing Qum. My own judgment is Iran did not have the capacity at that time to bring itself to a decision to release the hostages and we would have been left in a situation where if we bombed the country, probably it would have cost the lives of all 53 hostages. I think it was a bad idea then and I think it is a bad idea now.

Chairman ZABLOCKI. Mr. Mica.

IMPACT OF THE SEIZURE AND U.S. RESPONSE TO SIMILAR SITUATION

Mr. MICA. Thank you, Mr. Chairman. Up to this point we have focused mainly on the status quo financial situation with the United States, what the United States has gained or lost financially. The comment essentially is, "Iran has learned a lesson. We have not lost anything financially and we achieved our goal of getting the hostages released." The thought that has been going through my mind is what have we done to deter terrorism in the future and, in fact, could you make a list of what the terrorists, those students, have gained or what may have been gained through Iranian eyes, what may be perceived throughout the world, and maybe raise this question simply for the purpose of raising it. I say

to you very respectfully, I have no answers to these but these are some of the thoughts that I just jotted down. The terrorists had an opportunity to air their grievances to the world. They paraded the so-called victims of the Shah and propagandized the Shah's regime very heavily for 444 days before the world. They forced nations around the world, like Mexico, to heed to their demand not to accept the Shah. They did indeed rally their countrymen for 444 days behind a very nebulous and questionable cause in leadership. And as you said, Mr. Secretary, they even put into place their political institutions. They—encouraged I think by the atmosphere—created assaults on at least two other embassies during the period the hostages were taken, and in one case a life was lost, a U.S. Marine. I think more importantly—and you alluded to this in your opening comments—they impacted the future of the United States. They altered the future of the United States by impacting a U.S. Presidential election, numerous House races and Senate races throughout this country. I think they probably created a better situation for the Russians to look at Afghanistan with their aggressive intentions and, not to mention the lives lost in the rescue attempt, created havoc and a very poor feeling about the United States throughout the world for a long time. Something that may take years to correct. So as Mr. Solarz indicated, when we talk about no negotiation versus extended or protracted negotiation, would these possible benefits to terrorists lead us to seek a new approach that may be somewhat other than bombing, but certainly not the type of public negotiation that would lead to the kind of situation we had?

Mr. MUSKIE. You mentioned effects of the hostage crisis. Of course it had effects. It had effects on our political situation here in the United States. It resulted in a rescue attempt which cost some lives. It had effects. But none of those effects were included in the goals of those who seized the hostages. Their goals were to get the Shah back, to get his assets back, to extract an apology from the United States, to achieve a condemnation of the United States worldwide on the basis of the years of the Shah's rule and our alleged involvement in his misrule. They did not achieve any of those goals that I can see. With respect to whether or not we have been diminished, that is a judgment call. I do not think we have. I think we might have been diminished if we had bombed Qum 48 hours later because they were in a position to respond to the threat. That might well have been perceived as misuse of power by one of the world's two superpowers. We did not bomb North Korea when the *Pueblo* was seized. With respect to the *Mayaguez* we tried a military option, lost more servicemen than we saved and lost hostage lives. So whatever means you use there are effects, but whether or not these militants achieved their goal is a different question. Of course they achieved some effect. They preoccupied our country for 14 months with an agonizing, frustrating situation that we would have preferred not to have lived through. But I do not see that as a benefit that offsets the costs which their country paid. Maybe they do. I would doubt it.

Mr. MICA. The statement is that the terrorists have learned a lesson. Their goals, as you stated, were very finite; apology, return of some wealth, but instead they have achieved a stability that

may not have ever been. It may fall tomorrow. Have they come out better, and have they really learned a lesson because we protracted these negotiations to the extent we did?

Mr. MUSKIE. You speak of the incident and possible repetition of it as involving the same people. I do not know whether the same militants would try the same thing if we should reestablish diplomatic relations with Iran but with respect to acts of irrationality surely we live in a world in which we have seen it possible for people to create disruption, to threaten the peace, to disrupt communities. We have had it here in Washington. We had a hostage situation here in Washington. I saw nobody arguing we should not negotiate their release and the release was negotiated, as you remember very well. They disturbed the peace of Washington, and can you conceive of anything we could do that would absolutely guarantee that would not happen again in Washington, given a group so minded? We have laws against murder and murder occurs every day. We do the best we can to create a world of reason, rationality, a world of harmony and peace with instruments and institutions to resolve differences but they do not always work. There is always the possibility of irrational people bypassing the institutions because they think they do not work and we have that sort of situation occurring in Central America in at least two countries, maybe three or more. And that happens. When governments do not adequately respond to the needs of their people the people or some groups of them or militants among them will seek extra legal means, extra institutional means, to achieve goals. Sometimes they achieve them partially. They always have an effect, but I do not think in this particular situation that they came close to achieving the goals they wanted. They did create disruption and they did have an impact on us but whether what they achieved in terms of disruption as a side effect is a substitute for goals they did not achieve I have no way of concluding because we cannot read their minds. But the fact is Iran now is busy seeking to repair the rend in its relations, economic, diplomatic and otherwise with the rest of the world because it has come to learn it cannot live in a world alone. It lives in an interdependent world and if it fails to recognize that fact, Iran's real interests are seriously impacted. I think that is the lesson. Whether it would be a lesson terrorist minded people will absorb in the future I surely would not guarantee.

Mr. MICA. Thank you.

Chairman ZABLOCKI. Mr. Pritchard.

Mr. PRITCHARD. Thank you, Mr. Chairman. I want to start off by saying I am very proud of the work you two men did in your stewardship of the incredibly difficult job that you had. We may have some differences and no one ever agrees 100 percent with how a ball game is quarterbacked. Your efforts were mighty and I think the Nation owes you a great debt. I am sure you have been told this before but I think your efforts deserve retelling so I am delighted to say it here today.

IMPACT OF U.S. CONCERN FOR THE HOSTAGES

I would like to back off just a little from the details and ask a question. It was my impression that as soon as the hostages were

taken that first couple of days, the response from the United States was an overwhelming concern for the safety of the hostages, the lives of the hostages. It was a single reaction and I wonder if that perception of our response in the long run was helpful to the negotiation and to the release or if a more balanced response the first couple of days would have been more helpful?

Mr. MUSKIE. Well that question of course has been discussed over and over again before the release and since, whether or not the preoccupation with the safety of the hostages was the product simply of the administration's reaction or of the fact that it was such a television event, because of the availability of television and the astuteness of the militants in utilizing it and learning how to utilize it very quickly—it was on the tube every night. Just as in the case of Vietnam, that was on the tube every night and it affected America's preoccupation with it. We have a war in Afghanistan which is not on the tube and most Americans seem to have forgotten it, so the tube has had a lot to do with that perception, Congressman, if I may say so.

With respect to whether we were overly concerned with the safety of the hostages, that is not my view. The affront that the United States received at the hands of Iran was the threat to the hostages. So if we were to have ignored the safety of the hostages in effect we would have diminished the affront. Our honor was concerned with the fact that the people in this country, in an action that was ultimately condoned by their government, put our diplomatic personnel in jeopardy. So our response should hardly have been less concerned with their safety than the Iranians themselves were in putting them in that position. I do not think any American would have felt that our honor would have been assured by any action on our part that would have destroyed the hostages. In effect I think we would have served their purpose. It may have been a preoccupation. I have an idea that the television people, by doing their arithmetic every night—this is the first day, this is the 20th day, this is the 444th day—had as much to do with keeping the safety of the hostages uppermost in the minds of the American people as anything we did. We were very quiet after May 8th I think.

Mr. PRITCHARD. In talking with a person of another country we were speculating on what if the Russian Embassy had been taken over and this man said, "They would not do that because the Russians would march right in," and I said, "Well, in other words our preoccupation with the lives of Americans put restrictions on America when we get into these very difficult situations." I am not saying that is bad but would you agree that that is a limiting factor?

Mr. MUSKIE. Lives of the hostages were our objective. The way to eliminate the restriction is to eliminate our concern with the lives. Does that make sense in terms of our national interest?

Mr. PRITCHARD. It seems we had more than just the lives of the hostages. We had the taking over of the Embassy, the violation of the Embassy and it seems to me that the lives were an integral part of it.

Mr. MUSKIE. You are not saying the real estate was more important than the people?

Mr. PRITCHARD. I would never say that but the institutions you know—

Mr. MUSKIE. I understand the point you are grappling with. Maybe Mr. Christopher could answer.

Mr. CHRISTOPHER. Could I add this Congressman? I have never at any time thought that the deep concern of the United States for the lives of the hostages was a disadvantage to us in the course of the negotiations. Indeed I thought it was a net advantage. I do not believe we would have had the help of Algeria, many of the Moslem countries, all of Western Europe if we had not placed so high a value on human life. It was that humanitarian impulse which brought the rest of the world to our side in the endeavor. So I would not make any excuses for our concern for the people and I do not think it was a disadvantage. I might say it would take another paragraph to try to help us all remember the circumstances of that first week. The Embassy has been taken over, not by the Government, but by a group of militants who seemed to be not wholly rational. So it was natural for us to say, "Well, let us concentrate on keeping the people alive, because it can only be a matter of a short time before the Government comes to its senses and moves in and returns the hostages." So in that early period we concentrated on trying to stabilize the situation in the hope and expectation that the Government would move in and free the hostages. Now the real problem for us was that this unique situation produced a government unwilling to take over and then as events moved on they began to capitalize on the retention of the hostages. But on the central point I think Americans will always react pretty much the way that the American people reacted here and that is a concern for human life as not the sole consideration but an important consideration along with our national honor.

Chairman ZABLOCKI. Mr. Shamansky.

Mr. SHAMANSKY. Thank you, Mr. Chairman.

Mr. Secretary and Mr. Deputy Secretary, I address this question to both of you.

THE LEGAL SITUATION AND DECLARATION OF WAR

The lawyer in me, and having studied, taken a course in international law in law school many years ago—I am concerned about the legal situation aspects of what happened in Iran. The unique thing about the situation in Iran was that it was the government which in effect engaged in acts of terrorism.

We have been talking about terrorism, but the unique thing here was the Government of Iran, such as it was, was the terrorist, in terms of international law. If I recollect correctly, it was George Kennan last spring who advanced the notion that we should declare war immediately.

I am distinguishing here the legal state of a declaration of war and firing weapons. In American history we have had many incidents where the United States has been involved in military action without a declaration of war.

With respect to future incidents, where the culprit is a government that has done something like this, would we have been better off, in your opinion, to have had a declaration of war? Would that have made our legal situation clearer?

If we had a legal declaration of war could we, for example, have seized Iranian diplomats? Would it have made it a little easier for us to take their assets, and then negotiate from that point on, having cleared the air, from a legal point of view.

Mr. MUSKIE. It doesn't seem to me it would have. When I first heard Mr. Kennan's suggestion—this is long before I was Secretary of State—it had a certain amount of appeal. But a declaration of war could so quickly trigger the kinds of actions that might have put the hostages in jeopardy, that that possibility needs to be carefully weighed.

Second, there have been other instances. The *Mayaguez* situation did not result in a declaration of war by us, even though we used military means against Cambodia to rescue the hostages. We did not declare war.

We did not declare war at the time of the taking of the *Pueblo*. So, the declaration of war, although it has a certain logical appeal to it, I suppose, doesn't necessarily contribute to a solution.

I don't think it would have in this case. I don't think it would have simplified the legal situation since what we did has now been affirmed as having been within our laws by two administrations.

So, I doubt very much it would have added to the legal facility with which we needed to approach the problem.

Mr. CHRISTOPHER. I think we were fortunate that Congress enacted the Emergency Economic Powers Act, which gave us a wide range of tools, including the freeze. The net result would not have been significantly different, I don't believe, if the property had been vested rather than frozen.

If it had been vested, there would have had to be an unwinding, as there always is after a war, and I think that the resolution which did occur may turn out to be uniquely to the advantage of the United States.

There is at least the prospect that United States claimants will be paid not 20 cents or 30 cents on the dollar, which is so often the result after a vesting, but will be able to pursue their claims and recover 100 cents on the dollar.

So, I cannot answer the question as to how we would have been advantaged by a declaration of war. I think the psychological disadvantage would have been very great, both with our allies and with the tendency to use force in a way that would not have been helpful to the preservation of the hostages' lives.

Mr. MUSKIE. It would be interesting to speculate what our posture would then have been at the time of the Iraqi attack on Iran, if we were in a state of war with Iran at the same time.

Would Iraq have been an ally in some way? Would we have been under pressure then to be unneutral in the Iraqi war, because we ourselves were in a state of war? These are interesting questions, I suppose, but I don't see where we would have been advantaged by it.

SUFFICIENT PRESIDENTIAL AUTHORITY

Mr. SHAMANSKY. For the future—and we are looking to the future—was there any legislation the Department of State, or the Legal Counsel, wished they had in place to make the job easier? Again, this has prospective value only.

Mr. MUSKIE. Well, it may be that out of the litigation that probably will unavoidably emerge around these agreements, that changes in the law may be suggested. I don't think we have given any thought, the kind of thought to this sort of thing that has resulted in any recommendations that we would be prepared to make at this point.

Mr. SHAMANSKY. That is all, Mr. Chairman. Thank you.

Chairman ZABLOCKI. Mrs. Fenwick.

Mrs. FENWICK. Thank you, Mr. Chairman.

I would like to apologize to you and to our distinguished guests this morning. I had to go to the Select Committee on the Aging. Conflict of schedules, but there we are.

I wonder if you could tell us a number of things. These are my questions.

I do agree that in this whole affair it is the ancient country of Iran that has suffered a blot on its honor, not the United States. It is a tragedy in view of their ancient traditions, both religious, and cultural. It is for them, I think, a heavy blow.

Second, I do agree that the arrangement that was made, the agreement that was negotiated, must be honored, that it would be damaging to us as a great Nation not to do so.

The first question is, with hindsight, should we make it our policy never to negotiate, until the hostages, if they ever should be taken again, are returned?

INTERNATIONAL ACTION AGAINST TERRORISM

Or do you think it would be useful to have some plan such as the one that the Airline Pilots Association suggested when planes were constantly being hijacked, that there should be some quarantine on those countries that harbored the terrorist hijackers?

Should there be some system, to which many nations have agreed, that when this kind of thing happens with the encouragement of the local government, a quarantine of all air communication with those nations would be imposed?

It would not be warlike, but it would be painful for them, and if it could be arranged, would you think that would be useful, if we had that in place before we started?

Another question.

SOVEREIGN IMMUNITY LAW

First, I would like to hear a little bit more about the sovereign immunity law. That really would be a great help—we need understanding. I would love to be able to answer my constituents more fully—perhaps not being a lawyer I missed some of that discussion.

ROLE OF THE PLO

But also, I would like to hear something from you about what has been reported, conspicuously in a Swiss newspaper, in a Lebanese newspaper, and other foreign press, concerning the influence of the PLO and the terrorist groups in general in this whole area.

According to the Journal de Geneve, the Iranian terrorists were trained by the PLO in Lebanon and boasted about it. Now, I

wonder what information you had about that. That would be question No. 3.

IMPACT ON SOVIET INFLUENCE

I even have a fourth, I regret to say, which is what amount of Soviet influence do you think may bring pressure on Iran as a result of all this? Or do you think that the latest pronouncements from Tehran are hopeful in that regard?

Thank you, Mr. Chairman.

INTERNATIONAL ACTION AGAINST TERRORISM

Mr. MUSKIE. Well, I react to the quarantine idea I suppose along the same lines that I discussed earlier in response to a question. If you had effective and almost immediate—at least expeditious—kind of international action available, then surely the reliance on negotiation as a solution would not have to be as heavy as it was in this case.

It might be possible to get the international community to agree to put that kind of a concept into international law in some fashion. But whether or not the nations would then trigger it unanimously I suppose would depend on the circumstances at the time.

We did, after all, have to go through some persuasion in order to get the sanctions adopted as we finally did in May of this year. But surely international reaction having the effect of outlawing a nation which did this sort of thing would be a very useful policy to have in place.

With respect to the—I don't remember all your questions in order.

SOVEREIGN IMMUNITY

With respect to sovereign immunity, I think I would ask Chris to respond to that because he is more familiar with the provisions and the implications of sovereign immunity law in this case than I am. He has been more recently practicing than I.

Since I expect to be, I will listen to what he has to say very carefully, too, so that I can advise clients in the future.

Mr. CHRISTOPHER. Well, Mrs. Fenwick, I will try to see that there is furnished to you a memorandum on the subject. But let me say that there are two principal problems under the law enacted by Congress with respect to the hostage families pursuing their claims against Iran.

First, the statute itself excludes any tort committed outside the United States. Whatever was done to the hostages was, in all probability, a tort committed outside the United States.

Second, beyond that limitation is the fact that the basic principle of sovereign immunity as enunciated in that statute is to preclude citizens of one country from suing the government of another country.

So, you have both of those barriers, among others, to an action by the hostages or their families against Iran. It is those two basic principles which cause a rather unusual unanimity of legal opinion.

Mrs. FENWICK. Is that part of American law? When did that become part of American law?

Mr. CHRISTOPHER. Congress enacted that in 1976.

Mrs. FENWICK. I see.

AUTOMATICITY OF ACTION AND NEGOTIATIONS

Mr. CHRISTOPHER. Now, I would like to comment on the negotiation and the hijacking points that you made, if I could, for a moment. I think it would be a very good idea to introduce some greater degree of automaticity in terms of the sanctions that were employed.

I don't think that is the reciprocal of not negotiating. I think such sanctions would simply make negotiations more effective.

I have taken a personal resolve not to criticize at least the foreign policy aspects of the new administration for some time. I have got to say this particular point tempts me, but I don't intend to be tempted.

I think you will finally have to negotiate to some extent. Even if the sanctions are very effective and working, you will have to negotiate minor things like the method of release.

Mrs. FENWICK. What airplane and so on.

Mr. CHRISTOPHER. Exactly. A good deal of our time was spent negotiating such matters, and I was delighted to get to the point where the Algerians said very dramatically to me one morning, "Tomorrow we will talk about transportation."

Mr. MUSKIE. If the sanctions are such as to freeze assets, there would have to be negotiations to unfreeze them because freezing of assets, as we have learned in this whole experience, enormously complicates the legal situation of the assets. You do have to negotiate.

PLO INFLUENCE

Mrs. FENWICK. Yes. Now terrorist influence, PLO or Soviet or whatever.

Mr. CHRISTOPHER. Mrs. Fenwick, I perhaps said when you were out of the room that I think we do not yet understand the nature of the group that took over our Embassy. I don't exclude either PLO influence or Soviet influence.

By saying that I don't mean to imply that they were involved. But one of the things that we may learn through further talking to the hostages or through further understanding of the situation is what influences were involved there.

I would not exclude either one of them, nor would I imply that they were included.

Mrs. FENWICK. Thank you. There were rumors.

Mr. CHRISTOPHER. A lot of rumors.

Mrs. FENWICK. These are newspaper reports.

Mr. CHRISTOPHER. The newspaper printing it doesn't improve the quality of the rumor, in my experience.

Chairman ZABLOCKI. Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman.

I want to associate myself with my colleagues in paying tribute to Secretary Muskie and my fellow Californian, Secretary Christopher, for a superb job. As a matter of fact, Senator Muskie, if this were a court of law, I would have to disqualify myself as one of the most enthusiastic supporters of your earlier Presidential bid, and a

"Muskie For President" button is still among my most cherished possessions.

I say this for two reasons, Mr. Secretary. I say this to publicly express my admiration for your career of public service, which I hope will continue for years to come. But I also want to make it crystal clear that the very pointed questions I am about to ask are in no sense related to your stewardship of that office.

We seem to be preoccupied with what happened after the hostages were taken. As you may recall, there is an old English drinking song which goes something like, "What shall we do with the drunken sailor," when in fact our preoccupation should be the answer to the key question: "Why did he take to the bottle?" So, I would like to deal with that issue for a moment.

GENERAL HUYSER'S MISSION

At a critical point in the history of Iran, General Huyser, the No. 2 man at NATO, was dispatched to Tehran with an as yet unclear mission. It was the understanding of many of us that General Huyser was charged with the responsibility of effecting a transfer of power from the Shah to the Iranian military, and that somewhere along this line, this plan was abandoned.

I wonder if either you or Secretary Christopher would care to comment on this.

Mr. CHRISTOPHER. Congressman, without reviewing a number of files, I would be reluctant to be very precise or absolutely certain about it, but my recollection of Huyser's mission was that his purpose was to determine the likelihood that the army, under the Shah, would be able to remain in control of the situation in Iran, and not that he was sent there to effectuate a transfer of power. That is my recollection 14 months cold, or about 14 months cold.

Mr. LANTOS. Well, the Huyser mission, in the view of some of us, Mr. Secretary, could have been a turning point in the unfolding of the Iranian revolution. Therefore, I would like to request that at the appropriate time, Mr. Chairman, this committee consider inviting General Huyser to testify before this body.

It seems to me that this episode, far from being a minor and peripheral issue in the unfolding of recent Iranian history, may be at the core of the debacle that we have seen.

If I may move on to a second question, Mr. Chairman, I found it fascinating during the course of these hearings that there is apparently an attempt to make the PLO the hero of the Iranian drama.

INFLUENCE OF THE PLO

While I certainly accept Secretary Christopher's statement that we really don't know at this stage what direct role they may or may not have played, I wonder if I might ask Secretary Muskie in a broader context whether in his view the pattern of terrorist activity by the PLO might not have provided a role model for the Iranian terrorists which then indirectly might have contributed to the taking of the hostages.

Mr. MUSKIE. Well, I don't know that I am a student of those kinds of historical trends. We live in a time when terrorism seems to spring up in disassociated places. They may learn from each

other. The tactics may form a learning curve for terrorism wherever it comes.

Whether or not there is a direct connection, I am not in a position to judge.

Mr. LANTOS. Thank you, Mr. Chairman.

Chairman ZABLOCKI. Mr. Leach.

Mr. LEACH. Thank you, Mr. Chairman.

Mr. Secretary, and Mr. Secretary, all of us share a very positive and grateful appraisal of your roles in the concluding months of the Carter administration in bringing an end to this issue.

But, like many Americans, I was deeply impressed by some of what might be described as bizarre aspects of the diplomacy early on, as at least alleged by Pierre Salinger.

USE OF AN EGYPTIAN JOURNALIST AS AN INTERMEDIARY

There is one point in the Salinger interview that I think is deserving of being clarified; that is, Salinger alleged that a missive was transferred from the U.S. Government to the Egyptian newspaper editor, Haikel, immediately after the rescue effort, which Haikel allegedly refused to pass on to the Iranians.

Do you know, was such a missive sent? Was there a relationship of any nature between our Government and Haikel at that time?

Mr. MUSKIE. I was not aware of any connection, but that was just at the point where I came into the office.

Mr. CHRISTOPHER. I have no knowledge that we tried to pass a missive from the United States to Egypt through Mr. Haikel. He is a journalist of some reputation or notoriety who has covered extensively in that area of the world.

He was not an agent of the United States. I have no knowledge that he was used as our representative. I think that is an inaccurate account.

Mr. LEACH. The only reason I wish to pursue it slightly further is that Harold Saunders indicated, from State's perspective, that they did not know of any such missive. Would it be possible that the White House or the NSC might have developed such a relationship beyond the knowledge of State, per se?

Mr. CHRISTOPHER. When you ask whether something is possible, you engage a wide field of speculation. I think it is most unlikely. If you ask that question of Harold Saunders, he is more likely to be able to give you a comprehensive answer than anybody that I would know of in the Government.

Mr. LEACH. Fine. Well, I appreciate that.

INVOLVEMENT OF WHITE HOUSE STAFF IN DIPLOMACY

The second point that I was struck with, as we go back and look at how the issue was handled in the early months particularly, is that there was some bizarreness in choices of American envoys to the degree that, for example, members of the White House staff were almost ambassadors without portfolio.

In retrospect, as we all look at this relationship, both between the NSC and the State Department, and between White House staff and the State Department, it strikes me as awfully important

that it was the negotiations clearly done through the State Department that ended with the result that was finally accomplished.

Would you care to comment on whether or not you think there are any lessons about how diplomacy itself should be conducted, and whether members of the White House staff should be integrally involved or held out of the negotiating process, particularly when it comes to traveling to foreign countries, when it comes to dealing directly with foreign intermediaries?

Mr. CHRISTOPHER. Mr. Leach, we went through 14½ months of efforts to seek the release of the hostages. I would certainly be a lot less modest than I hope I am if I were to say that no mistakes were made during that period.

We made some awkward moves from the State Department, I am sure, and other awkward moves may have been made.

I would want to speak, though, in support and with appreciation for the activities of Hamilton Jordan in this connection. He was brought into the picture because he had a particular relationship with the Panamanian officials who at that stage were important in trying to work out a solution to the matter.

He performed, I think, with competence. I know he performed in full association with the State Department. He was very meticulous in informing us, in involving us in everything that he did.

As a generality, I think it is better to have diplomacy conducted by the diplomats. I think if you are going to involve somebody from the White House, you ought to sit down and very carefully weigh the pluses and the minuses of that involvement.

There will be some inevitable minuses because of the injection of the President's personality and political aspects. Sometimes those minuses are outweighed by personal contacts that seem important at the time, but one of the things that one might learn through this whole episode is to think very carefully about down-the-road, around-the-corner consequences of whoever is involved in negotiations. I would say that that was true for diplomatic personnel as well as other personnel in the Government.

Mr. LEACH. Thank you very much.

Chairman ZABLOCKI. Mr. Gejdenson.

SEIZURE OF OTHER EMBASSIES IN TEHRAN

Mr. GEJDENSON. Thank you.

I seem to recall the Israeli Embassy being taken in the early days of the Iranian Revolution. If I remember correctly, only property was taken in that instance. Were any of the other nations' embassies taken over?

Mr. CHRISTOPHER. You are speaking of in Iran?

Mr. GEJDENSON. Yes.

Mr. CHRISTOPHER. Well, there were other embassies which were either threatened or occupied for a short period of time. I think the Embassy of the United Kingdom was threatened and then occupied for a short period of time. There have been other roughly comparable situations, but never a situation where the militants took over and then the Government embraced the taking of the militants.

On the contrary, in some more recent incidents the Government of Iran has seen to it that the embassies were returned.

Mr. GEJDENSON. In the case of the Israeli Embassy, was it handed over to the PLO by the Iranians?

Mr. CHRISTOPHER. Israel and Iran did not have formal diplomatic relations before the revolution, but Israel did have an office in Tehran. Soon after the revolutionary government came to power in Iran it broke all relations with Israel. At that time Israel withdrew all of its people from Tehran. The revolutionary guard then took over the vacant Israeli office and eventually turned it over to the PLO.

Mr. GEJDENSON. If you could, following the hearings today, send us some information on what happened to the Israeli Embassy during the revolution and how the other governments of the world responded. What I want to know is; after the first violation of the Israeli Embassy what was the international reaction to the less than speedy, or even nonexistent, response of the Iranian Government?

Mr. CHRISTOPHER. The taking of the Israeli office was not similar to the takeover of our Embassy because the Israelis had previously vacated their office at the time that relations between Iran and Israel were severed.

Mr. GEJDENSON. Thank you.

Chairman ZABLOCKI. Mrs. Snowe.

Mrs. SNOWE. Thank you, Mr. Chairman.

I certainly want to thank both of you for appearing before this committee today. I want to extend a personal welcome to Mr. Muskie, who is a former colleague of mine from Maine, for whom I have a great deal of respect. It is nice to see you again.

Mr. MUSKIE. Thank you.

Mrs. SNOWE. I just have a few questions.

DECISION TO UNDERTAKE THE RESCUE MISSION

With respect to the rescue mission, it was obviously at this point that the administration decided that negotiation was no longer a viable option.

What provoked us to take that risk at that point? At what point do we decide that we should sever the negotiating process, and if you could at least explain the factors that influenced our decision at that point.

Mr. MUSKIE. Well, my impression of that—and I can only give you an impression because that was just prior to my being selected as Secretary of State—at that point, all efforts to achieve their release through negotiations, or the intervention of other countries, had fallen flat.

You recall particularly the U.N. Commission, which was part of a scenario designed to achieve the release of the hostages, completely disintegrated because nobody in Iran was in a position or had the political authority or will to implement that scheme.

So, that seemed to end a chapter. The plans for the rescue mission I think had been underway since November, if I recall, Chris.

Mr. CHRISTOPHER. Yes, so I am told.

Mr. MUSKIE. So we were told. These plans, of course, were generated outside the State Department, not within the State Department. There was constant concern about the safety of the hostages

in connection with trials, threatened trials, show trials, and what-not.

Those who planned the mission were very confident that it could succeed, and it was decided to make the effort. I don't recall that there was any specific surge of concern that resulted in this. Perhaps Chris does.

Mr. CHRISTOPHER. Your question, Mrs. Snowe, was what caused us to break relations?

Mrs. SNOWE. Well, it was obvious at that point negotiation wasn't the option to pursue, it wasn't working. So, what provoked us to use force rather than pursuing and continuing negotiations?

Mr. CHRISTOPHER. Well, there were a number of circumstances at that time. Without launching a defense of the mission as a whole, the timing of it was closely related to climatic conditions.

If the rescue mission would not have been launched in April, it would have had to be postponed for probably 5 or 6 months. As the air temperatures increased, the lifting capacity of the helicopters and the aircraft would have been less than adequate for the task. The sandstorms increased. The number of hours of darkness decreased.

That was a fundamental part of the rescue mission. So, there were a number of environmental factors that made April an optimum month, if it was going to be done sometime during the year of 1980.

That, coupled with the, as I described it, lack of any early hope for release, and what seemed to them to be the great improvement in the possibility of a rescue mission I think were the congeries of factors which went into making the time what it was.

DECISION TO MAINTAIN DIPLOMATIC REPRESENTATION

Mrs. SNOWE. Second, Mr. Saunders mentioned to this committee on Tuesday that the strategy pursued after the Shah's departure from Iran, that it was better to maintain a presence than having no presence in Iran.

Would you agree with that, in retrospect? At what point do we say enough is enough and sever our diplomatic relations with a country?

Mr. CHRISTOPHER. That is a very difficult and challenging choice. It happens over and over again. There is a revolution in a country. A new government comes into being. One wants to have confidence in the new government, or one wants to, if he can, find a degree of confidence. But it is never a matter of simply judging that confidence.

In most countries there are very important U.S. interests to protect. That was certainly true in Iran. There were large numbers of American businessmen, with interests in Iran, and we had a large amount of U.S. military equipment whose compromise was possible. So, there were reasons, other than simply the idea of maintaining communication, for us to try to maintain some presence there to protect and advance U.S. interests.

The decision was made to reduce the Embassy more than tenfold, as the chairman has said, down to around 60. One can argue that we should have pulled everybody out, but there would have been very high costs for that.

We will face that question again. I think we will try to benefit from this experience. If you are going to maintain a presence there, it is hard to maintain much less than 40 to 60.

That figure surprised me when I first learned of it. But when you add a certain quantity of Marine guards—and you wouldn't want to be without them—to the necessary communicators, to the administrative officers, to the representatives of the Pentagon, the number soon nears 40 if you are going to have a decent presence at all.

So, I think it was a rational judgment, especially since we had the assurance of what seemed to be the new Government of Iran.

The factor that we probably didn't give enough attention to was the discordance within the Government itself, the uncertainty of continuity, and probably the pervasive effect of the Ayatollah Khomeini.

Mrs. SNOWE. Thank you.

Thank you, Mr. Chairman.

Chairman. ZABLOCKI. Mr. Fountain.

Mr. FOUNTAIN. Thank you, Mr. Chairman.

I think it is a compliment to this committee, Mr. Chairman, that almost everyone was on time this morning. Because of automobile trouble, I was delayed. But I realize everybody must have been on time because I think I am about the last one to be called on.

PRAISE FOR RESOLUTION OF THE CRISIS

There are two questions I would like to ask. But before doing so, I want to take this occasion to compliment President Carter and his entire administration, and particularly you, Mr. Secretary, and you, Mr. Christopher, for the very commendable, extraordinary, fantastic job which you and your colleague did in negotiating the release of our hostages.

Now, I must confess that from the beginning of the taking of the hostages, right until their release, like many other Americans, I had mixed emotions and feelings of anger, or at least righteous indignation, that prompted me to say why don't they do this, or why don't they do that.

But with the passage of time, and seeing the success which was accomplished, I don't think you could have done anything else and kept America responsible.

I was concerned about the hostages, I must confess, but with the passage of time I became more concerned about the honor of our country. I think that is what made the American people so concerned. We felt that we as a Nation were captive. Walter Cronkite I think made that very clear almost every night.

But nonetheless, being a lawyer, I can appreciate the complications involved. I think that to be able to accomplish this transaction involving so many people, so many banks, so many institutions, the nature of claims that are involved, and to come out, in my opinion, on the better side of the ledger is just a fantastic feat.

I say that sincerely because during the course of the negotiations there were all sorts of rumors that we were going to give everything away, we were going to return everything to Iran.

I must confess it frightened me because we have no way to really responsibly retaliate afterward and punish them, as some people

think we ought to do. I think time will only tell what our relations with Iran will be, and you have touched upon that, as to what we do in the future.

But when I think of all of the ramifications of this thing, and the short time within which you brought about these negotiations and terminated this understanding, with the help of the Algerian Government, and any others who may have participated, I think it is not only the largest private financial transfer in history over a short period of time, as has been pointed out by one of the newspapers, but I think it is probably one of the most outstanding achievements of America through the kind of talent we have, both lay and legal, in the State Department and in Government.

Now that it is over, I am inclined to believe that the rest of the world will not look upon a nation which dropped bombs on Nagasaki and Hiroshima as having compromised its position, but will in all probability look upon us as a Nation which has not only shown compassion for humanity and human beings, but has the power to restrain itself and to exercise discipline.

That is what it took. I think it is a commendation to the American people that they, too—I am sure if they called upon to do so—would feel proud of the discipline which you on our behalf, on behalf of the American people, the administration exercised in this whole process.

I just want to take this occasion to tell you how proud I am of all that you did, and I am happy that physically you were able to endure it all and can still be here sitting before us this morning.

RECOURSE FOR CLAIMANTS WITH LESS THAN 50-PERCENT OWNERSHIP

Just one or two questions. The agreements with Iran, I understand, preclude the arbitral tribunal from hearing claims of U.S. citizens who own less than a 50-percent interest in an Iranian corporation.

Is there any other recourse open to these claimants, or what recourse is there?

Mr. CHRISTOPHER. The control provisions are highly technical and were carefully negotiated. I don't think they will ultimately work to the disadvantage of the U.S. citizens. For a complete answer to your question I would refer you to the Legal Advisors Office of the State Department which can provide a full technical explanation.

ARBITRAL TRIBUNAL

Mr. FOUNTAIN. Just a couple of other questions, which I am sure you can quickly answer, which have been propounded to me by constituents. What happens to claims, if for some reason the tribunal never functions. What happens to the funds in escrow?

Mr. CHRISTOPHER. Well, there are two kinds of funds in escrow, Congressman Fountain. The \$1.4 billion that is retained in the Bank of England is for the purposes of paying off disputes that exist between Iran and the U.S. banks.

Those funds will be retained in escrow until those disputes are settled, and the funds can only be returned to Iran if the Bank of England receives a certification that all the disputes are settled.

That provides a strong incentive to settle those disputes. Those are some of the most active negotiations going on at the present time.

Now, on the other \$1 billion fund, that fund is not created until the \$2.2 billion is freed up from the deposits in U.S. banks. So those funds really will not be created as a security account until the tribunal is established.

I would not expect the U.S. courts to abandon their hold on the funds until it is apparent the tribunal is going to be operating or is established and is operating. So I don't think there will be a problem with respect to the second fund.

It is not likely to come into being until the U.S. actions have been either suspended or dismissed.

SOVIET INFLUENCE ON THE CRISIS

Mr. FOUNTAIN. My last question is one which I have hesitated to ask, and yet I have had so many questions propounded to me about it, and we read so much in the newspaper about it, that I think I would like to hear your comment; that is, what was the nature of Soviet activities during this crisis, and did they actively hinder negotiations?

Mr. MUSKIE. Well, they tried, through their propaganda into Iran, to contribute to the hostility toward the United States.

In the last 48 hours, for example, Soviet newspapers and the Soviet media carried stories allegedly originating in the Indian press and press in Beirut to the effect that a U.S. invasion of Iran was imminent.

I called in the Soviet Ambassador to protest the stories the only way I know how. They did slow that sort of business down. Apparently it didn't have any effect, but I thought it was a very irresponsible and even stupid action for them to take. It was like crying fire in a crowded theater.

What they hoped to accomplish—I know they are concerned that these agreements may lead to a revitalization of the relationships between Iran and the United States, and that they see as contrary to their own interests.

But to have played amateurish games like that at that point it seems to me was irresponsible and not serving their interest in any way. Then, of course, they vetoed the sanctions early on in the Security Council, which if they had been applied earlier might have had an earlier result.

So they were not a positive force, and they were a negative force from time to time through their propaganda.

Mr. FOUNTAIN. Thank you very much, both of you.

Thank you, Mr. Chairman.

Mr. MUSKIE. May I, Congressman Fountain, thank you for that very generous statement which you made. I know it reflects what other members of the committee have said. But you wrapped it up in a way that both Chris and I deeply appreciate.

Mr. FOUNTAIN. Thank you.

Chairman ZABLOCKI. You have given generously of your time, but I have just one final question.

Excuse me. Congressman Gilman.

Mr. GILMAN. I, too, want to join my colleagues in expressing my sincere appreciation for the diligent work, the efforts of the State

Department under the leadership of Senator Muskie and Secretary Christopher. The outstanding resolution of this issue came about as a result of your mutual efforts and the fine teamwork displayed by the entire department.

CONGRESSIONAL LETTER

I hope the congressional letter to the Iranian Parliament that 186 of my colleagues joined with me in sending proved to be of some assistance. We understand that it helped a bit to get them off center and move the process a little bit forward.

We were pleased to see that come about.

Mr. MUSKIE. I think it was a very positive contribution.

Mr. GILMAN. I appreciate that.

ROLE OF THE PLO

With regard to the question that has been raised on several occasions this morning concerning PLO involvement, it seems to me a bit strange that at this late date we still can't pinpoint just who these alleged students were and what their relationship was with the government and the PLO.

Mrs. Fenwick was referring to some authorities who had expressed some comments about that relationship. I have before me an article from the Washington Post dated January 23 that was written by Claire Sterling, a European-based writer who has recently completed a book on the terrorist network. She states:

Soon after Ayatollah Khomeini swept into power in January 1979, the PFLP's chief spokesman, Bassam Abu Sharif, spoke proudly of his group's having been in touch with the Iranian peoples struggle for the past 7 years, providing them with training in everything from propaganda to the use of weapons.

On the very day he spoke, the Journal de Geneve reported the recent arrival in Iran and elsewhere around the Persian Gulf of yet another terrorist band freshly graduated from a PFLP camp in Beaufort Castle, near Tyre, Lebanon.

The band had just spent 8 months in the camp, trained by Cuban instructors there, in street and desert fighting, attacking people and buildings, regular demolition operations and sabotaging oil installations, et cetera.

We have had a number of reports of PLO involvement in terrorist training and assistance to the militant people in Iran. At the same time we hear reports of our involvement with the PLO in attempting to arrange some negotiations.

I was wondering if you might be able to shed just a little more light. Did we seek out the PLO? Were they involved in any negotiations on our behalf in the Iranian issue?

Mr. MUSKIE. To the best of my information, we did not seek out the PLO, but that the PLO were involved in some fashion, undertaking to influence the militants, I am told, was the case. Whether or not they were a contributing influence to the release of the 13 who were released early on I don't think is clear.

I think Mr. Saunders, who commented on this the other day here, is in as good a position as any of us to comment on it. Really, there is nothing I can add to what he had to say.

Mr. GILMAN. It certainly strikes me as being very strange. On the one hand the PLO trained the militants. On the other hand they try to provide a good face for the world by seeking to become

involved in the negotiations with the very same people they apparently influenced in the initial capture.

Mr. MUSKIE. Well, undoubtedly there is a great deal more to be learned about that whole relationship.

Mr. GILMAN. I hope maybe sometime you may be able to contribute to that information.

LEGISLATION ON TERRORISM

With regard to terrorism legislation and congressional initiatives, for some time I have joined in efforts to adopt legislation in the House to give a little more teeth to the administration authority in dealing with terrorist acts, and provide the President with the power to impose sanctions in the event such terrorist acts occur.

In the past the State Department has been reluctant to support that kind of legislation. I would welcome your thoughts about whether or not we should adopt such legislation. If so, what sort of legislative initiative should we pursue to be of help to the administration in dealing with such acts as these?

Mr. MUSKIE. Well, we have discussed this morning possible improvements in international law, international sanctions, the conventions dealing with diplomatic immunity, among others.

Whether or not legislation adopted by the Congress unilaterally could add to the tools that might be useful in dealing with international terrorism of this kind, I don't think I am in a position to judge. I would have to see what is proposed before I can form an opinion on it.

Mr. GILMAN. Mr. Christopher, do you have some thoughts about that?

Mr. CHRISTOPHER. During the prior administration we supported legislation which was then pending in Congress, which I in my memory identify with you on this side as well as others, and with Senators Javits and Ribicoff on the other side.

It would have had the effect of imposing some sanctions on countries when they were identified as being terrorist countries. I think that is a useful direction to go, but it turns out to be very difficult legislation to write, because what looks to be a rather simple or automatic trigger sometimes has a broader sweep than is intended.

I think the basic goals of that legislation are ones that I supported then and would continue to support. If we can find some further way to induce countries to be tough on terrorists within their borders, we will have moved one step down the road at least.

I think the international community ought to find some way to keep countries themselves from becoming terrorists, and if we could have that dual approach, keep the countries from becoming terrorists, and to persuade them to be tough on terrorists within their borders, we would have launched a further attack.

ENFORCEMENT OF WORLD COURT DECISIONS

Mr. GILMAN. Then let me test the good legal mind of our good counsel here today with regard to the World Court. We went through the motions in getting a very important decision in the World Court. Yet, that decision was not very helpful to us.

Is there something that we can do to make the World Court decisions more effective?

Mr. CHRISTOPHER. Yes, I think we ought to find some way to remedy the defect that was revealed by the lack of enforcement of the interim order and the final order of the International Court of Justice.

I would hope that the world community would commit itself to impose sanctions when there was so clear and unambiguous a ruling of the International Court of Justice on a matter of this character.

I would think it a very wise move if there would be some international diplomatic initiatives along those lines. It won't be easy because automatic sanctions are a lot easier to talk about than they are to write. But we ought to try.

Mr. MUSKIE. At the moment, not to be overlooked, it takes the Security Council to impose sanctions. The Soviet Union vetoed even this obvious case of terrorism approved by a government. The task of persuading the Soviet Union to embrace that kind of automaticity would be considerable, I suspect.

Mrs. FENWICK. Would the gentleman yield.

Did they give any justification for their veto?

Mr. MUSKIE. I think they were upset with our response to their invasion of Afghanistan.

Mrs. FENWICK. Did they seek to justify it?

Mr. MUSKIE. I don't recall that.

Mrs. FENWICK. Thank you.

Mr. GILMAN. You are proposing, then, an automatic sanction upon a decision by the World Court?

Mr. MUSKIE. Yes.

Mr. GILMAN. To avoid any veto.

Mr. MUSKIE. Which would be a very useful tool, if we had it.

Mr. GILMAN. In order to adopt that, would the Security Council have to approve that kind of a sanction, to go into effect?

Mr. MUSKIE. Well, the present instrument for enforcing orders of the World Court is the United Nations.

Mr. CHRISTOPHER. That would not preclude a new international agreement that would make it automatic. I think what the Secretary and I are both saying is you might find Soviet resistance to that because it would deprive them of what they regard as the protection of the veto. It won't be easy.

Mr. GILMAN. Thank you. One last question.

COST OF THE CRISIS TO THE UNITED STATES

Have you seen any bottom line figures of what all of this crisis has cost our Nation?

Mr. MUSKIE. Economically?

Mr. GILMAN. The total dollars.

Mr. MUSKIE. I would have no way of judging that.

Mr. GILMAN. Damages, personnel, property. No estimate?

Mr. CHRISTOPHER. I have never seen a figure.

Mr. GILMAN. Thank you.

Thank you, Mr. Chairman.

Chairman ZABLOCKI. Just two final questions. They are not earthshaking, Mr. Secretary.

TRANSFER OF ASSETS FROM U.S. BANKS

Under the agreements, funds that were in the U.S. banks were included in the amount that was transferred to the Bank of England and to the escrow account; is that correct?

Mr. CHRISTOPHER. No. The only funds that were transferred to the Bank of England were, first, Federal Reserve funds owned by Iran—they were partly gold and partly securities—and second, deposits of Iran in overseas branches of U.S. banks. None of the deposits in the domestic branches of U.S. banks were transferred to the Bank of England.

INTEREST PAID ON FUNDS IN ESCROW

Chairman ZABLOCKI. Now, the funds in escrow; do they draw interest?

Mr. CHRISTOPHER. The funds that are in escrow in the Bank of England include interest which was earned in the overseas branches; yes.

Chairman ZABLOCKI. Who gets the interest?

Mr. CHRISTOPHER. Well, it was conceded that \$670 million of the \$800 million of interest was uncontestedly due to Iran, and that went forward.

There is a contest over \$130 million of the interest, whether or not that was properly owing to Iran. That contest will be negotiated and may eventually have to be litigated. But that dispute is within the \$1.4 billion escrow fund.

Chairman ZABLOCKI. And the money that is in escrow for the arbitral tribunal; is that earning interest?

Mr. MUSKIE. You mean the \$1 billion that would be established?

Mr. CHRISTOPHER. I am sure that when they set up that custody account, they will do it in a way that will provide some interest.

Chairman ZABLOCKI. And that interest, of course, would remain within that fund to keep the pitcher filled.

Mr. CHRISTOPHER. That is right. It will keep it from dropping below \$500 million to whatever extent the interest is earned.

U.S. APOLOGY

Chairman ZABLOCKI. My final question: One of my constituents, in writing to me, did dispute that there was no apology. He wrote, "Why did we not say that it 'was, is, and from now on will be the policy of the United States not to intervene?" Did our negotiators attempt to put in the word "was", past tense. I can see some problems with putting in the past.

Mr. CHRISTOPHER. Congressman, I used the effort and influence that I had in the negotiating process to make sure we said that "it is", and to fend off the request that it be prospective only.

If you get into a past tense there, then you raise the question of how far back and provoke a controversy that has almost no end, and one on which some of the historical record is difficult for the United States, in books written by former high officials.

I don't think it constitutes an apology in any way to say it is now and from now on will be our policy not to intervene. That is a statement of our current policy, and it does not take us into the past.

Chairman ZABLOCKI. Thank you, Secretary Muskie. Thank you, Secretary Christopher. Thank you for your time and the direct and full answers you gave to the questions. I trust and hope that we can call upon both of you gentlemen to get your wisdom and counsel on matters that this committee will have under consideration in the future.

Thank you very much.

The committee stands adjourned.

[Whereupon, at 12:30 p.m., the committee adjourned.]

IRAN'S SEIZURE OF THE UNITED STATES EMBASSY

WEDNESDAY, FEBRUARY 25, 1981

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C.

The committee met at 10:15 a.m., in room 2172, Rayburn House Office Building, Hon. Clement J. Zablocki (chairman) presiding. Chairman ZABLOCKI. The committee will come to order.

The committee is holding its third day of hearings on the Iranian takeover of the U.S. Embassy and U.S. personnel.

We have already heard from representatives of the Carter administration, including former Secretary of State Muskie. Today we hear from representatives of the Reagan administration. On March 11 we will receive testimony from several of the former hostages.

We are pleased to have with us today Walter Stoessel, Deputy Secretary of State for Political Affairs, and former Ambassador and longtime Foreign Service Officer doing yeoman's work in many parts of the world.

I met Ambassador Stoessel in Poland and in Moscow, and he is now in a very important post, we wish you well.

Mr. Stoessel is accompanied by Mr. Russell Munk, Assistant General Counsel of the Department of the Treasury, and by other State Department officials.

It was indicated that the committee may have to consider going into executive session. However, the Under Secretary advises me he would prefer to have the meeting open. Should there be questions requiring classified answers, we will either go into executive session then or the Under Secretary will provide the answer for the record.

Mr. Stoessel, welcome to your first visit in your new capacity before the Committee on Foreign Affairs. You may present your public statement at this time.

STATEMENT OF HON. WALTER J. STOESSEL, DEPUTY SECRETARY OF STATE FOR POLITICAL AFFAIRS

Mr. STOESSEL. Thank you very much, Mr. Chairman. Thank you for your words of welcome.

Mr. Chairman and members of the committee, I welcome this opportunity to discuss the administration's decision to implement the agreements with Iran for the release of the hostages and steps we will take in the weeks ahead in the process of implementation.

I also appreciate this chance to review with you some of the lessons we have learned for dealing with terrorism in the future,

and steps we will take to increase protection for our diplomats and official personnel at our posts abroad.

UNITED STATES RELATIONS WITH IRAN

Let me say at the outset that our decision to implement the agreements does not mean we will automatically proceed to normalize our relations with Iran. Solid movement toward normalization will depend on Iran's demonstration of its willingness to respect international law and civilized usage.

I say this fully mindful of the vital interest we have in the Persian Gulf, and the serious threat that the Soviets pose in that area.

ADMINISTRATION REVIEW OF THE AGREEMENTS

Before looking at the practical steps to implement the agreements that will be required in the weeks ahead, I should note that we have completed a very thorough review of our obligations under them.

We have considered all the conditions—and the extraordinary circumstances under which the agreements were negotiated—very carefully. Our decision to approve implementation, strictly in accordance with the terms of the agreements, takes into account the legitimate rights of U.S. claimants; our policies for dealing with terrorism; our international interests, including relations with third parties—primarily Algeria—that had contributed a great deal during the course of these negotiations; and long-term U.S. interests in the Persian Gulf, including Iran.

As the Department's spokesman has said, we did not in our review of the agreements address whether the crisis could have been better handled or whether a better set of agreements could have been negotiated. The agreements are an accomplished fact, authorized by the President of the United States acting within the authority of his office.

We did not see it as necessary to reach a conclusion as to the agreements' legally binding character under international law. We are proceeding with implementation because it appears to be clearly in the overall interests of the United States to do so.

Iran has not profited from these agreements and, in fact, paid a considerable economic price from the sanctions and political isolation imposed upon it. Faced with the serious deadline imposed by the advent of a new administration which was not committed to continue the negotiations underway, Iran had to settle for terms that restored financial relations with the United States roughly to where they were before the hostages were seized.

They had to give up many of their demands, including the return of the Shah, and the return of his assets.

As you know, the funds already returned to Iran and those which may be returned as the agreements are implemented and commercial and financial claims are settled, are assets that belonged to Iran before the seizure of the hostages. No U.S. funds have been sent to Iran as the result of these agreements.

Three actions required under the agreements have already taken place:

The United States had pledged noninterference in Iran's internal affairs. This is in accordance with our policy and international law; \$7.9 billion was transferred to an escrow account with the Bank of England. Of this, \$3.7 billion was then returned to the Federal Reserve Bank of New York to pay off syndicated bank loans and credits, and \$1.4 billion was retained in the account to pay nonsyndicated loans and credits of banks and disputed interest owing on Iran deposits in U.S. banks.

We have revoked economic sanctions imposed on Iran in response to the hostage taking. Normal controls under the Arms Export Control Act continue to apply to Iran, and a Department travel advisory points out the dangers of traveling there.

FURTHER ACTION TO IMPLEMENT THE AGREEMENTS

However, a number of additional steps will be required to complete implementation of the agreements. The executive branch will publish regulations this week to implement Executive orders signed by President Carter on January 19.

These regulations explain the responsibilities of U.S. holders of Iranian assets and clarify the effect of U.S. law on new financial and commercial transactions with Iran now that our economic sanctions have been terminated. We have discussed these regulations in detail with U.S. claimants; their views have been fully considered in the drafting process.

We are working to conclude a security account arrangement with a foreign central bank into which to place a portion of the \$2.2 billion in Iranian assets now in U.S. branches of U.S. banks.

As you know, one-half of these assets as they are transferred are to go into such an interest-bearing account for payment of arbitration awards to U.S. claimants. When \$1 billion has been placed in the security account, the additional funds will be transferred to Iran. However, whenever the balance in the security account should drop below \$500 million as a result of payment of claims, Iran is obligated to make new deposits sufficient to maintain the \$500 million balance. We must also transfer to Iran \$1 to \$1.5 billion of other Iranian assets subject to U.S. jurisdiction.

Claims not settled within 6 months by direct negotiation between the parties may be submitted to the arbitration tribunal. We are seeking a site for the tribunal and will shortly begin to make other arrangements as well, including the selection of arbitrators.

We will very shortly be taking steps in the U.S. courts to lift the legal attachments by U.S. claimants on Iranian assets. These attachments must be removed before the transfers can begin that will—in addition to returning some Iranian property to Iran—fill the security account from which arbitration awards will be paid.

We also will suspend the claims in U.S. courts that may be presented to the arbitration tribunal. These claims will be discharged only after the tribunal takes jurisdiction and makes a judgment on the merits.

In due course, we will withdraw U.S. claims against Iran before the International Court of Justice. We will, however, continue to press our claim for the return of our Embassy and other properties in Iran.

INTEREST OF CLAIMANTS

The banks seem to be satisfied with the agreements and stand to be paid in full, something that was by no means assured previously. The principal concern of the contract claimants is that Iran may not pay awards made by the arbitration tribunal. However, under the terms of the agreement, arbitral awards against Iran would be enforceable against its assets in any country.

Iran has waived its sovereign immunity defense with respect to awards made by the arbitration tribunal. Because of its dependence on oil sales, Iranian assets would be available in a number of countries for satisfaction of arbitral awards.

Most of those with claims upon Iranian assets now understand and are reasonably satisfied with these arrangements. Others may have a different view, however, and some will go to court to try to keep Iranian assets here or to delay the transfer of the funds.

In general, we believe the agreements provide for more certain protection of claimants' interests than was enjoyed previously. Access to Iranian assets and satisfaction of American contract claims were by no means legally assured prior to the taking of the hostages.

SHAH'S WEALTH

A category of obligations of which I have not spoken concerns the Shah's wealth. The regulations that I have mentioned will require that whenever the Shah's estate or any close relative is served as a defendant in U.S. courts by Iran pursuant to an effort to recover Iranian property, the assets involved will be frozen and information regarding them will be made available to Iran.

Whether, in fact, the assets are ultimately returned to Iran will be for the courts to decide, as the agreements made clear. Moreover, the regulations will expressly permit those family members whose assets are frozen as much money as they need for personal expenses.

CLAIMS OF HOSTAGES

On the question of hostage claims, we have concluded that given our sovereign immunities law, the former hostages stand little chance of successful litigation against Iran. Thus, our obligation under the agreements to block hostage claims against Iran will have little practical effect.

When the agreements were being negotiated, the hostage families themselves made clear that they did not want the claims issue to impede the earliest possible release of the hostages.

Nevertheless, the administration believes that the question of compensation should be considered in the context of compensation given other Government servants who have endured similar hardships, such as POW's and other ex-hostages.

President Carter created a commission to make recommendations on the issue of hostage compensation by the United States. The administration now has the question of this commission and its mandate under active review.

LESSONS FOR PROTECTION OF U.S. EMBASSIES AND DEALING WITH TERRORISM

Let me turn to the lessons from the Iran crisis with respect to the protection of our Embassies and the combating of acts of terrorist violence against them.

The attacks of 1979 and 1980 in Tehran, Islamabad, Tripoli, and San Salvador were not isolated events. They were part of a larger pattern of violence against our diplomats and our diplomatic establishment.

In 1980 alone there were 274 international terrorist acts against Americans, almost 35 percent of the worldwide total. Of these attacks, 177 involved official U.S. Government personnel or premises.

The critical lessons are the following:

We must have more extensive intelligence and better information on terrorist threats to enable us to take appropriate counter-measures.

We must have a protective security system which enables our Embassies to deal with mob violence as well as isolated terrorist attacks.

We must train our personnel and prepare them more carefully for the possibility that they will be taken hostage.

We must have a crisis management system which is able to use and deploy available resources rapidly and effectively.

We must have broad international cooperation which will come into effect immediately if states violate their basic obligations under international law.

Above all, we must have a clearly articulated and well-understood policy within which to act.

Let me comment on each of these points.

BETTER INTELLIGENCE

Intelligence is obviously a critical need. In many ways, our information base on terrorism is inadequate. Consequently, the intelligence community is now giving very high priority to the collection of information on terrorist groups and on those states which support them.

We are working closely with our allies to maximize the sharing of information. However, the complexities of targeting and the difficulties of penetration are such that we will never have as much information as we would wish. Even so, the improvement in data available to us will enable us to warn threatened Embassies, to help them improve their defenses and, when necessary, to withdraw staff.

IMPROVED EMBASSY SECURITY

Together with this reemphasis on the importance of intelligence, we must look to the physical security of our missions. The public access controls which have been installed in the last 7 years have not been adequate to deter or prevent mob violence, although they have been extremely effective against lesser terrorist threats.

We must do everything possible to insure that our missions will not be overrun again. With this goal in mind and using the special security enhancement resources provided by the Congress in fiscal

year 1980 and 1981, a total of \$41.9 million, we are urgently upgrading security at 24 high-threat posts.

Survey teams have already gone out to 17 of these posts. Over the next 5 years we expect to improve the security of all posts where there is a significant threat of violence and terrorism.

These programs will enable our missions to delay an attacking group for a sufficient period of time to destroy national security information and to permit personnel to withdraw to a secure safe haven.

We are also strengthening security at residences and for personnel in transit. Mr. Chairman, we would be happy to brief the committee in greater detail on this program should you so desire.

TRAINING PERSONNEL

In anticipation of the possibility of future hostage events, we have also greatly stepped up our training programs. All Foreign Service personnel are required to take a 2-day course on coping with violence.

Representatives of other agencies with staff assigned to our missions abroad, as well as adult dependents, are encouraged to attend. The experience of former hostages is being sought in order to make certain that the program is based on the problems which hostages have actually encountered in past incidents.

If we are faced with a Tehran-type situation in the future, we must have the ability to manage such a crisis effectively and to deploy available resources promptly.

CRISIS MANAGEMENT SYSTEM

The Department of State, as the lead agency for managing overseas crisis situations, is refining its crisis management capabilities through training, simulations, and crisis exercises.

In addition, the newly established Interdepartmental Group on Terrorism is actively reviewing the basic elements of the inter-agency crisis management system as well as our response capabilities.

As the Interdepartmental Group identifies issues, they are being referred to the senior interdepartmental group, chaired by the Deputy Secretary of State or through the Secretary to the National Security Council.

INTERNATIONAL COOPERATION

The Interdepartmental Group is also studying a wide range of possible international initiatives. It was apparent in the Iranian crisis that the process of mobilizing effective international sanctions was a difficult one.

Existing international conventions lack enforcement provisions. We are, therefore, seeking to identify ways in which the international community can be organized to move rapidly against any state which violates the principles of international law, relating to the inviolability of diplomats and diplomatic premises.

In the course of this year we will be exploring various initiatives at the United Nations, in regional institutions, and with our allies.

CLEAR U.S. POLICY ON TERRORISM

Finally, a word about policy. For many years the United States has had a firm position against international terrorism. However, the public's perception, as perhaps that of the terrorists themselves and the governments that support them, is that we were not serious in our profession of intent.

This administration has made absolutely clear that it will react swiftly, effectively, and with all the resources at its disposal should we face an act of state-supported violence and terrorism in the future.

Let me spell out for you, Mr. Chairman and members of the committee, some of the principal elements of this administration's policy.

The U.S. Government will make no concessions to terrorists. We will not negotiate the payment of ransom nor the release of prisoners. We will work to insure that the perpetrators of terrorist acts are brought to justice.

We hope that all governments will adopt similar policies as a means of deterring terrorist violence. When governments take a firm stand, we will support them.

We look to all governments to exercise their responsibilities under international law to protect diplomatic personnel and premises. We seek a close partnership with a government on whose territory hostages are taken or when American citizens and property become the victims of terrorist violence. We will provide whatever support and assistance we can, but we will not give in to terrorist blackmail.

Should official American personnel or premises be taken hostage as the result of an act committed or condoned by a foreign government, the United States will act expeditiously, choosing from the range of diplomatic, political, or economic sanctions applicable to the circumstances.

We will seek broad international support for such measures. We have made clear that the decision to implement the agreements should not be seen as a precedent for future actions by this administration in similar situations. This administration, as we have said, would not negotiate for the hostages' release.

While recognizing the difficult decisions which are involved when hostages are taken, we believe that governments, corporations, and private individuals have a common interest in the maintenance of a policy of not giving in to terrorist demands. Concessions, whenever they are made, only encourage further attacks and put additional people at risk.

In sum, Mr. Chairman, this administration has made the issue of terrorism one of its highest priorities. We intend to devote the necessary resources to meet the challenge which terrorism and illegal state-supported violence represents for our national interests. No task could be more important or more urgent.

I will be happy to turn to any questions the committee may have.

Thank you.

Chairman ZABLOCKI. Thank you, Mr. Stoessel.

NEGOTIATION FOR THE RELEASE OF THE HOSTAGES

The Reagan administration has said—and you repeated in your statement on page 13—that this administration would not have negotiated for the hostages' release. What do you think would have been the result of pursuing a strategy of not negotiating in this case? If we did not negotiate, what would have happened to the hostages?

Mr. STOESSEL. Mr. Chairman, I feel that that is hard to answer in hindsight. My understanding is that the present administration would have taken a different attitude from the outset, and that action immediately after the seizure of the hostages would have been very quick and very effective, and that we would not have been in a situation which would have required lengthy negotiations.

But to say precisely what those measures would have been, as I say, is difficult for me to specify.

Chairman ZABLOCKI. Well, the very geographic location of our Embassy complex and compound in Tehran would have made it very difficult to take speedy and forceful action, if that is the action you are suggesting.

STATE SUPPORT OF TERRORISM

What puzzles me—and I agree that state-supported violence and terrorism in the future must be dealt with firmly, but at what point is there evidence of state-supported violence?

Take the case of our Embassy in Tehran. It was students that took over the Embassy in the first stages. At what point would the definition be applicable of state-supported violence?

If a country, for example, which has the responsibility for the security for U.S. personnel and U.S. property does not respond within a reasonable period of time, would that be interpreted as the state sponsoring the violence or the terrorism?

Now, in the case of Tehran, indeed, although we had assurances from the Iranian Government, such as it was, that our personnel and our Embassy would be secure, they did not respond.

In the future, at what point would state-supported terrorism come into play under your definition? If the country didn't send troops within half an hour, but waited 2 hours, would that be interpreted as the country supporting the seizure?

Mr. STOESSEL. I think, Mr. Chairman, we would have to consider all of the factors involved in the particular case. I think the attitude of the host government with regard to protection of the Embassy and its personnel would certainly be a large factor in our attitude.

But we would also wish to look at statements of the Government, attitude of the Government toward the act itself. So, I would say that a delay for a brief period of time in providing protection would not be the sole criterion for a determination. But I think this aspect would be part of an overall evaluation.

Chairman ZABLOCKI. In the case of Tehran, we did have assurances on numerous occasions by the then Government in Iran that they would secure our Embassy property and certainly prevent any act of terrorism. We took them at their word.

What would the Reagan administration have done in that instance, having had these assurances, which were not carried out?

Mr. STOESEL. Well, I think there was that problem, that they had, as you point out correctly—we had been assured that the Embassy would be protected. This did not prove to be the case. The Government failed to take action. Subsequently, by its statements and acts, the Government gave the appearance that it supported what had been done.

I think that the whole complex of circumstances would have to be looked at. I do believe that the present administration would be inclined to react more rapidly to a situation of that kind than was the case with regard to the Tehran incident.

Of course, such reaction, as I pointed out, would not necessarily be confined to one particular course. We would have a number of options from which to draw—political, economic—not excluding military, but not necessarily focusing on military.

I think there was quite a long delay in obtaining international reaction and international support to the problem in Tehran.

NEGOTIATIONS

Chairman ZABLOCKI. Understandably it would depend on the circumstances in each individual case. There would be several alternatives. Would you nevertheless rule out any negotiations in any instance?

Mr. STOESEL. Mr. Chairman, I think that we would not wish to be categorical on this. We would have to, as you say, look at the circumstances in every case and see what would be the best course of action to follow in a range of options.

I think certainly the overall attitude would be one of not wishing to prolong the situation, wishing to move quickly and effectively, and not become involved in a prolonged negotiation situation.

Chairman ZABLOCKI. Then you would agree with me, on page 12 of your statement where it says: "We will not negotiate the payment of ransom nor the release of prisoners" should not be taken verbatim?

Mr. STOESEL. Mr. Chairman, I think the thrust of that statement, particularly with regard to release of prisoners—perhaps it is not clearly enough phrased.

Chairman ZABLOCKI. I am trying to be helpful.

Mr. STOESEL. That was intended to cover the demands which are often received from terrorists, that prisoners held by the Government which has been attacked should be released. The prisoners here does not refer to the hostages, but it refers to prisoners, perhaps other terrorists which may be held by the Government attacked.

That was the intent of that statement. I think I would agree that it needs to be clarified.

Chairman ZABLOCKI. Well, perhaps other questions will further clarify it. There is a lack of understanding as to just what is meant by there would not be any negotiation.

Mr. Broomfield.

Mr. BROOMFIELD. Thank you, Mr. Chairman.

U.S. POLICY ON INTERNATIONAL TERRORISM

Mr. Secretary, what can you tell us about the policy that is being developed on international terrorism? Where do we stand? What is the status of that within the administration?

Mr. STOESEL. Well, as I said in my statement, this is under very active review in the State Department under the leadership of our office which has to do with terrorist problems.

We are conducting a review on an interagency basis with all interested agencies and departments of the Government to update our procedures, to profit from the lessons which have been learned by the incidents in the past, and particularly by the incident in Tehran.

So, a lot of work is being done on this. I don't know if Mr. Quainton would like to add to that. Mr. Quainton is the head of our Office for Combating Terrorism in the State Department.

**STATEMENT OF ANTHONY C. E. QUANTON, DIRECTOR, OFFICE
FOR COMBATING TERRORISM, DEPARTMENT OF STATE**

Mr. QUANTON. Let me just say a couple of words about the process which we are engaged in, the elements of which were outlined in Secretary Stoessel's statement.

What we are endeavoring to do through the structure of the interdepartmental group which brings together all the agencies that have a critical role to play, either in policy formulation or in policy implementation—the Defense Department, CIA, the State Department, the Justice Department, the FBI, and so forth—that we are looking across the board at ways in which we can enhance our ability to do what the administration is committed to do, to be able to respond swiftly, rapidly, and effectively in the event of future incidents.

That gets us into the spectrum of issues which are described in terms of response capabilities, international cooperation, our intelligence needs, and indeed the requirements for crisis management itself in the event of future events.

INTERNATIONAL COOPERATION ON TERRORISM

Mr. BROOMFIELD. Now, on the aspect of international cooperation, that is what intrigues me. Are we seeking the cooperation of other countries so we can work in a unified effort against international terrorism?

Mr. QUANTON. The process of review which is now going on is looking at those steps which would be feasible. There has been considerable publication, and, indeed, discussion in the Congress, about various proposals which might be useful in order to insure a rapid collective firm international response.

It is something we cannot just do ourselves here. We will have, for example, on the agenda of the Sixth Committee of the General Assembly in October the item of international terrorism, which will provide an opportunity for us in that context, for example, to seek broad international support for effective measures.

But there will be other kinds of international groups, organizations, to which we belong of our closest friends and allies, and of

other regional institutions where we will be making a similar effort.

But at this point we are trying to identify those measures which have the prospect of enjoying real support because there is nothing worse than launching an initiative which runs away into the sand and only suggests the inability of the United States to get its way on issues of this kind.

I cannot tell you specifically what particular initiatives we will be taking, but this is getting——

Mr. BROOMFIELD. But you are moving in high gear?

Mr. QUANTON. We are moving in high gear on that subject.

POLITICAL SITUATION IN IRAN

Mr. BROOMFIELD. Mr. Ambassador, what can you tell us about the political situation today in Iran? Has that improved or deteriorated? Where do we stand there, as far as Khomeini is concerned?

Mr. STOESEL. I think the situation is still quite unsettled. Khomeini remains the leader, but his participation in day-to-day affairs, he does not seem to be active. There appears to continue to be a split between the clerical faction in the country and the nonclerical faction. This still remains a problem and complicates the decisionmaking process in the Government.

Mr. Constable, our Acting Assistant Secretary for NEA, may wish to add to this.

STATEMENT OF PETER D. CONSTABLE, ACTING ASSISTANT SECRETARY, BUREAU OF NEAR EASTERN AND SOUTH ASIAN AFFAIRS, DEPARTMENT OF STATE

Mr. CONSTABLE. I think I would only add that it is very difficult to sort of measure from day to day where they are in Iran. It seems certainly on the surface to continue to be rather chaotic, and the factional struggle is far from over and certainly not settled.

IRAN-IRAQ WAR

Mr. BROOMFIELD. I was wondering if you could give us any information on the effects of the Iranian-Iraqi war. What is happening there? My understanding is that the fighting is not as intensive as it was some time ago.

What is happening in that area?

Mr. CONSTABLE. There is an ostensible stalemate on the ground. That is very clear. Part of that may be due to weather factors, in the winter season. There have been quite heavy rains, and there has been some flooding in the battlefield areas, which has caused battlefield activity to diminish.

The Iranians undertook a counteroffensive about 6 weeks ago, perhaps, which had some initial success, and then seemed to stall, and the Iraqis were able to push them back out of the positions the Iranians initially occupied. They have returned since that time to this stalemate position.

Now, when the weather clears in the spring, there is a possibility of renewed military activity at a higher level.

As you know, a U.N. representative of the Secretary General, Mr. Palme, has just been to both Tehran and Bagdad for discus-

sions with both sides. He is continuing his efforts to find some basis for a settlement. So far there has been no significant breakthrough, but his activities continue and we encourage those.

Mr. BROOMFIELD. Thank you.

Chairman ZABLOCKI. When I welcomed Ambassador Stoessel, I identified Mr. Munk, but I did not identify the other gentlemen with the Under Secretary. For the benefit of the Chair and the members, I will call their names from the list I have here.

Mr. Karl Ackerman; Mr. Anthony Quainton, the Director of Office for Combatting Terrorism; Mr. Mark Feldman, Acting Legal Adviser, Department of State; Mr. Pete Constable, Acting Assistant Secretary, Bureau of Near Eastern and South Asian Affairs, Department of State; and Russell Munk, Assistant General Counsel.

Mr. Fountain.

Mr. FOUNTAIN. Thank you, Mr. Chairman.

SUPPORT FOR AGREEMENT

I want to thank Mr. Stoessel and his colleagues for the statement you made and the fact that this administration was as gracious to the former President in inviting him to meet the hostages in Germany.

I am particularly pleased that there will be implementation of what, I think, was one of the most fantastic agreements in history. I had great fears to begin with that we were going to give away a lot and make some unnecessary sacrifices. I definitely opposed the ransom approach.

As important as the lives of the hostages were, I felt the honor of the United States was at stake and that America was held captive. But when I read the agreement and saw how quickly it had been negotiated and the extent to which we had protected, insofar as possible, the rights of so many people, creditors, and so forth, I think it is fantastic that we had the talent—the legal talent, lay talent, diplomatic talent, with the Algerian help, to accomplish that goal.

It is unfortunate that the claims of the hostages may never be handled. Nonetheless, I think it was as good an agreement as could have been negotiated, under all the circumstances.

I want to get back to more or less observations than anything else, to get back to the line of questioning which Mr. Zablocki was pursuing.

LESSONS

I want to commend you for emphasizing that we need better intelligence—no question about it. I don't know how good it was, but it still ought to be better. We need a better security system. I understand they had a pretty good one, but obviously we need a better one.

Training of personnel more carefully, being better equipped. I am like Mrs. Fenwick. I think four or five machine guns around that Embassy and bullets flying pretty fast may well have driven those people off long enough for us to have gotten some of the rest of the people out, maybe all as two or three others did manage to slip out before they were discovered.

I think we need to improve the crisis management system you are talking about, or develop a new one. We need broader international cooperation. Regrettably, we were dealing with a fanatical group of people. I am not so sure the government knew they were going to take over the Embassy to begin with. But as soon as it was, they did condone it by all subsequent actions.

NEGOTIATION FOR RELEASE OF THE HOSTAGES

I do want to say—and I say this in a friendly attitude because I am an admirer of President Reagan. We've served on a commission together but I think an injustice is done the President, when witnesses and representatives of the administration continue to make statements which are a repetition of political statements that were made during the campaign, directly or indirectly critical of the previous administration.

I don't know what President Reagan would have done. I would have done things a little differently myself, I think. But to say you, or the new administration would not have negotiated for the hostages' release is a criticism of the previous administration for the way in which it handled it. Talk about past mistakes, if we must, in the next campaign. Right now the President needs cooperation from all of us, and we do from him.

Now, I am sure it was not perfect. It is easy—as you say, hindsight is much better than foresight. I think it ill behooves a new administration to, as you indicated yourself, speculate and to say what you would have done or would not have done under a given hypothetical or even actual set of circumstances, when you didn't have to make the decision.

I cannot conceive of our ever getting to the point where we would not under certain circumstances negotiate with the meanest and vilest if it protects the lives and the safety and even the territory of our people.

A man with a gun pointed at the head of my wife at some point would find me negotiating, or with any of our citizens. We negotiate almost monthly with prisoners in the prison system in the interests of the security of all the others.

I just want to make that friendly suggestion, that it is not necessary for the President to keep on repeating the political comments that were made, however sincere they were; for example, that no decision will be made on a political basis.

Yet, we find the sudden dismissal of 15 nonpolitical Inspectors General who were appointed on that basis, without any consultation or search for information that would I think have resulted in a different decision.

They were appointed by the President, the law provided for appointment by the President and confirmation by the Senate, because we wanted to give these watchdogs in these agencies the guts and the power and the independence to be like a "junkyard dog," as someone said from the White House, if necessary, but at the same time exercising proper balance and responsibility.

When you take those people out suddenly and then put somebody else in, I am concerned that the man or woman who goes in is going to wonder, whose toes can I step on, how thorough a job can I do. These positions were designed to weed out fraud, abuse, corrup-

tion, inefficiency, and downright thievery, and much of it is going on in and out of Government and people associated with Government.

I think that is being repaired. I think that was a mistake that was made. I think the administration recognizes that. I am hopeful that many of those people will be restored. If they are found to be incompetent later, they can always be released.

I just think these quick decisions are dangerous, and I think it would have been better had this statement been left out, that "we would not have negotiated for the hostage release."

In fact, I don't think there would have been any questions on it if you had not made that statement.

Thank you, Mr. Chairman. That is all I have to say.

Chairman ZABLOCKI. Mr. Winn.

Mr. WINN. Thank you, Mr. Chairman.

RESUMPTION OF TRADE RELATIONS WITH IRAN

Mr. Secretary, there has been a lot of speculation about whether our Government should resume trade anytime in the near future with Iran. There have been several interviews that I have seen by newspaper writers asking some of our main industrialists if they intended to resume trade with Iran.

I wonder, what are the administration's feelings on the resuming of trade, from a Government standpoint first, and then if any advice has been given to any of the individual companies?

Mr. STOESEL. Mr. Congressman, I think President Reagan at one point was asked about trade, and he said, well, he hoped at least for a while it would be done by long distance. I think this characterizes the attitude of the administration towards matter of trading with Iran.

We have in consulting with companies who have expressed an interest in trade—we have urged them to be very careful, not to rush into it. We have, of course, issued a travel advisory, cautioning people with traveling to Iran.

There are still questions of safety of people, of Americans in that country, and our ability to protect them and their interests.

So we feel that while there is no ban on normal trade, that the present situation is one which should be handled with great caution by anyone wishing to go into that.

Now, with regard to overall matters of trade and relationships with Iran for the future, this is under review in the Department and on an interagency basis. So, this is all being considered actively, but no firm decisions have been taken.

SPARE PARTS FOR MILITARY EQUIPMENT

Mr. WINN. I think I know the answer to this, but I would like to have it in the record, why the Reagan administration decided not to release the spare parts for military equipment that Iran had already purchased.

Mr. STOESEL. Mr. Congressman, as you are aware on this subject the President has said that we would not provide the military spare parts to Iran for which they had contracted, in some cases had paid.

The intention is to sell those parts and that equipment to other buyers, and to reimburse Iran for the amounts involved, so that legally and financially I think this will be the correct procedure.

I think the reason for this was simply the feeling that in the present circumstances of our relationship with Iran, it did not seem appropriate to provide them with military parts, military equipment.

There was also a concern I think with regard to the conflict between Iran and Iraq. We did not want to seem in any way to be less than evenhanded in that regard. I think these were some of the factors that went into that decision.

Mr. WINN. Well, in the future, do you think the U.S. should encourage or discourage its allies from selling arms to Iran?

Mr. STOESEL. We have discussed this with allies and have described to them our own stance, which is one of being evenhanded, and refraining from selling equipment to either side. This is the general attitude which we feel is appropriate.

Now, this does not mean that we would wish to insist that other countries not engage in such transactions with either side, but that is the position we have adopted, and which we feel is the correct one.

DIPLOMATIC RELATIONS WITH IRAN

Mr. WINN. Should the United States wait for Iran to initiate the request for the resumption of diplomatic relationships?

Mr. STOESEL. I would think again we would wish to take many factors into account here. I do not see our relationship with Iran evolving very quickly. We will want to observe carefully the situation in Iran.

As I said in my statement, the respect which Iran and the Iranian authorities show for international law and civilized usage, all of this will have an important bearing on our own attitude toward resumption of relations, and the exact timing, the modalities of how that relationship will be re-established when the time comes, I think it is really premature to say at this time.

Mr. WINN. Thank you.

Thank you, Mr. Chairman.

Chairman ZABLOCKI. Mr. Hamilton.

Mr. HAMILTON. Thank you very much, Mr. Chairman.

IMPORTANCE OF IRAN TO THE UNITED STATES

We welcome you, Mr. Secretary, to the committee today.

What I found missing, if I may begin with an omission in your statement, was the framework or context within which these agreements are considered. Usually you gentlemen at the State Department are pretty good about giving us the big picture, the world view, the strategic interests and all. But in this case, you focus right in on the agreement and don't put it into any kind of context at all. I think that context is enormously important.

It seems to me you cannot look at these agreements without consideration of that context. I wonder if you agree with me that the United States does indeed have long-term interests in Iran that are important to this country, as well as important to the United States.

Specifically, those interests are that Iran remain an oil exporting country, that Iran remain unified, that it serve as a buffer state to the Soviet Union, that it be free of Soviet domination, and that it be at peace in the area.

Now, all of those circumstances are very important, are they not, for Iran and also for the United States. Would you agree with that?

Mr. STOESEL. Yes; I certainly would.

Mr. HAMILTON. And these agreements have to be considered in that context, do they not—in the context of our longer range interests in Iran, as well as the specific merits and demerits of the agreements?

Mr. STOESEL. I would agree.

Mr. HAMILTON. All right.

NEGOTIATIONS WITH TERRORISTS

Now, on the negotiation problem, I must say you have gotten me pretty confused at this point. I think I understand you are saying that in the event Americans are taken as hostage, you are not ruling out the possibility of negotiation. Is that correct?

Mr. STOESEL. That is correct.

MILITARY RESPONSE TO ACTS OF TERRORISM

Mr. HAMILTON. All right. You say in your statement that you are going to react swiftly and effectively with all the resources at your disposal. Then, on page 13, you say that if American personnel are taken hostage, the United States will act expeditiously, choosing from the range of diplomatic, political or economic sanctions applicable to the circumstances.

Now, of course the striking thing is that you don't mention military. Are you ruling out a military response in this instance? Why don't you put the word "military" in there?

Mr. STOESEL. Mr. Congressman, no, I would not rule out consideration of the military option.

Mr. HAMILTON. All right. So that ought to be then included, if I understand you correctly.

INTERNATIONAL COOPERATION ON TERRORISM

Then on pages 11 and 12 of your statement you suggest a series of possible international initiatives to get agreed sanctions or actions in case of another hostage taking. I wonder if you could be more specific about that.

What types of initiatives are you looking at? Are you looking at bilateral or multilateral agreements? What are you going to do with the Soviet Union in these situations? What kind of actions are you thinking about specifically?

Mr. STOESEL. Mr. Congressman, I would like to refer that question to Mr. Quanton, who is more directly involved in these talks.

Mr. QUANTON. As I suggested, Congressman, there are a number of possibilities in this area. If you were to go back in time, for example, to the summer of 1978 and the undertaking among a number of countries to impose civil aviation sanctions with regard to countries that harbor hijackers, you will see one kind of possible

action in which on a multilateral basis states agreed to take specific action in response to a particular act of terrorist violence.

Mr. HAMILTON. I don't like to interrupt. My time is very short, though. Are you thinking about some kind of a specific effort to get agreement of certain countries or all countries to a specific kind of an agreement and, if so, what are you thinking about?

Mr. QUANTON. I was giving you the example of one which has already existed, and trying to see whether there are ways to extend either that particular principle or to extend it to circumstances in which embassies are seized, and which are covered by existing international conventions on the taking of hostages and the protection of diplomats, and are there enforcement measures which the international agreement would take, whether that would be in terms of changing the diplomatic status or relations with a country or other kinds of specific economic or political measures that could automatically go into effect if an international obligation was violated or the principles of international law were violated.

Yes, we are looking at those kinds of approaches, but I cannot tell you whether they will be feasible or what specific ones we will ultimately propose.

Mr. HAMILTON. Can you give us any time frame within which you would expect to make some progress on this?

Mr. QUANTON. I think you are talking about a process which will go on steadily over the next 6 months. It is not something for the next 2 weeks.

UNITED STATES RELATIONS WITH IRAN

Mr. HAMILTON. All right. Now, in a much shorter time frame, Mr. Secretary, what can you tell us will guide U.S. policy toward Iran in the very short term? Are we going to make any initiative in the next several months, or are we just going to sit back and see what happens?

Mr. Saunders was before the committee the other day, for example, and he suggested that maybe we could take a very small step in sharing some intelligence reports with Iran about Soviet activity in Afghanistan.

I don't ask you if that specific thing is in your mind, but what kind of short-term steps are you going to take in relationship to our ties with Iran?

Mr. STOESEL. I would say, Mr. Congressman, that this is obviously another subject for study and review on an interagency basis. We are looking at all of this. As I said earlier, we will be very carefully watching Iran's own actions and attitudes, particularly with regard to terrorist activities.

I believe that in the process of working out the implementation of the agreement which was reached for the release of the hostages, we will have frequent contact with the Iranian representatives, and we will be working on very practical problems related to the resolution of claims and the handling of the tribunal and so on.

I would suggest that through this process we will have an opportunity to gage Iranian attitudes and also show our own interest in a reasonable and more normal relation with Iran. But we would hope that this obviously would be reciprocated.

With reference to your earlier comments about the importance of Iran, as I said, I would certainly agree with that. I did allude to it briefly in the opening part of my statement, that this was a factor quite clearly in the minds of the administration as they looked at the agreement.

Also, the attitude of third countries, such as particularly Algeria, which contributed so much in the final solution.

I would certainly agree that Iran is an important country, it has important assets, it occupies important geography. We must have an interest in it, and we must have an interest in a more normal relationship with that country, and seeing a more stable government evolve there.

Mr. HAMILTON. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman ZABLOCKI. Mr. Lagomarsino.

Mr. LAGOMARSINO. Thank you, Mr. Chairman.

Mr. Chairman, I would like to ask unanimous consent on behalf of Mr. Winn to submit some questions for the record that he did not have time to ask.

Chairman ZABLOCKI. Without objection, so ordered.¹

CONGRESSIONAL INITIATIVES ON TERRORISM

Mr. LAGOMARSINO. Mr. Secretary, how does the Department feel about legislative initiatives regarding terrorism? I understand that in the past the State Department has not been, shall we say, enthusiastic about such measures, stating, as I recall, that they thought it should be left to administrative action.

Mr. STOESEL. I would like to call on Mr. Feldman to make a preliminary response.

STATEMENT OF MARK B. FELDMAN, ACTING LEGAL ADVISER, DEPARTMENT OF STATE

Mr. FELDMAN. Mr. Quainton can perhaps give a broader response on this question. But I thought I would take this opportunity to mention the fact that for several years we have been concerned about the need to implement the Montreal Convention respecting the sabotage of aircraft with legislation.

In recent years—those provisions—I think we have gone 6, or 7, or 8 years without that implementation, which is necessary to provide a jurisdiction in U.S. courts with respect to fugitives found in our country when the events took place elsewhere, where there was no other basis for jurisdiction, in criminal jurisdiction in U.S. courts.

In recent years this legislation has also been included in a general bill on terrorism, with a number of other features, which once again has been introduced into Congress.

The Department had a lukewarm attitude toward that bill in the past, particularly because of certain particular features of the legislation not relating to terrorism, per se, but issues in respect to legislative veto and so on.

I think there would be interest in the executive branch in supporting a comprehensive measure of that sort at this time—if the

¹ See appendix 4.

problems we have addressed in previous years in our comments are taken care of.

The question, frankly, with respect to such matters as the Montreal Convention, which remains to be implemented, is whether we can get it done through the comprehensive measure which has not fared all that well in the Congress in the last couple of sessions, or whether we shouldn't have in any event a separate bill that we can put through with your help and the help of other Members of both Houses very promptly.

It is quite an embarrassment for the United States to be out there, one of the proponents of the international conventions, not having brought this legislation into force. In this connection I might add that the hostage convention which was negotiated last year will also need implementation by legislation. We will certainly be requesting that.

Mr. LAGOMARSINO. You will be requesting that?

Mr. FELDMAN. Yes.

Mr. LAGOMARSINO. I would suggest, if you are supporting the airline legislation, that you submit that as quickly as you can, too. I think that Congress would be very willing to go along with it.

You know, there is a widespread perception—perhaps “widespread” is not as accurate a word as could be used—but there certainly is a perception in the Middle East on the part of some people, some Government leaders, that the United States was unwilling to help the Shah, who was a longtime friend of the United States, to survive.

As a result, some of those people said—perhaps they still say—that the United States is now seen as an unreliable ally who is willing to sacrifice friends when the going gets rough.

How can the United States best restore its credibility in the region, if in fact my statement is an accurate view of at least what some of the leaders in that area do think about us?

Mr. STOESSEL. I think that is a very fair question, Mr. Congressman. I would say this administration certainly desires to increase its credibility and its reputation as a good friend, and will do everything possible in that direction.

I believe the policy which I have outlined in my statement should be a contribution to that.

In other respects, we are engaged in a program to enhance our resources and our strength in the area, working with the States in the region and with allies, and anxious to give a firm demonstration of our desire to be reliable, and to be a country on which our friends can count, and a country which has the resources to make us effective.

So that is certainly the desire of this administration, and I think you will be seeing actions taken in implementation of that.

SOVIET OBJECTIVES IN IRAN

Mr. LAGOMARSINO. What do you see, what does the Department see, as Soviet objectives in Iran?

Mr. STOESSEL. They, too, are clearly cognizant of the strategic importance of the country, its geographic location, its oil resources. I believe they are interested in expanding, extending their own

influence in that country and using the situation of instability which still continues to their own ends.

As we know, the Communist Party continues to be active in Iran and is a very tightly organized body. I think this is something we have to watch, that in a period of instability and a period of perhaps greater instability in the future that this Communist Party might be able, through its organization and its control from the Soviets, to play a very significant role in expanding Soviet interests there.

Mr. LAGOMARSINO. Thank you.

Chairman ZABLOCKI. Mr. Bingham.

Mr. BINGHAM. Thank you, Mr. Chairman.

Mr. Secretary, I would like to join in welcoming you to the committee. I think in the preparation of this statement you confronted really an impossible task.

NEGOTIATIONS

On the one hand you were explaining why the decision had been made to carry out the agreements, which I think was a proper and sound decision. But on the other hand, from somewhere came the impetus or the motivation to refrain from applauding what had been done. You wanted to say that this administration would not have negotiated the settlement—would not have negotiated, even though it was negotiation that led to the settlement that you are now prepared to carry out.

I think this kind of simplistic statement that we would not have negotiated must come particularly hard to you, since you personally were engaged for several years in discussions with the PRC at a time when we didn't officially accept the fact that the PRC existed.

That was an example of the occasional necessity for subtlety in international affairs which I don't find present in the declarations of policy in this paper.

Let me pursue a little bit the statements on page 13.

Isn't it true that the negotiations that occurred through the Algerians followed an indication that the sanctions that had been imposed were hurting and that the Iranians were sending signals that they were willing to talk about releasing the hostages if they could find a way to get the sanctions removed?

Mr. STOESEL. I think clearly the effect of the sanctions had an impact on Iranian attitudes. We regretted that it took so long to organize the sanctions, and that they were not more effective more quickly, but that they eventually did have an effect I think is incontestable.

Mr. BINGHAM. Well, looking at the statement that you made above in that paragraph, that the United States will act expeditiously, choosing from the range of diplomatic, political or economic sanctions applicable to the circumstances, wouldn't the application of such sanctions, for the purpose of the policy you are talking about, result in discussions that would lead to the desired objective? Isn't that what the result of the sanctions would be?

Mr. STOESEL. Yes; again, I would say the circumstances would be adjusted to the actual situation with which we are faced, and there would be a range of options. Economic sanctions designed to

compel the release of hostages would certainly be part of this range.

Again, we would hope that if that is one of the measures chosen in a given circumstance, we would hope they could be applied more quickly and have more effect than they had in the past.

MILITARY ACTION

Mr. BINGHAM. I was rather startled by your answer to Mr. Hamilton's question that in spite of the fact that this statement was clearly carefully prepared, and referred to the application of diplomatic, political, or economic sanctions, that the omission of the word "military" seems to have been unintentional.

Is that possible, or were you in fact saying that diplomatic, political, or economic sanctions would be applied as the first battery of measures to be taken? Perhaps your statement that military would not be ruled out is a caveat for the use of military sanctions only as a last resort if these other measures had failed?

Mr. STOESEL. Well, I would not want to put any order of priority on the various measures. I would refer to the sentence on page 12 of my statement, the first full paragraph, to the effect that this administration has made it absolutely clear that it will react swiftly, effectively, and with all the resources at its disposal should we face an act of state-supported violence and terrorism in the future. All the resources clearly would imply military, if that seemed appropriate.

Mr. BINGHAM. I just hope that the administration won't get itself locked into positions or into actions which would be unwise and not serve the national interest because of a seeming perceived necessity of distinguishing its approach from that of the preceding administration.

I see that my time is running out. I have a number of questions, Mr. Secretary, having to do with the operation of the international claims part of the agreement. We will be having a hearing in my subcommittee particularly on that aspect, but I think it might be well for the purposes of the record of this hearing if we could submit some of those questions to you to be answered in writing, if we might, Mr. Chairman.

Chairman ZABLOCKI. Without objection, the questions will be made available to the Under Secretary and he will supply the answers for the record.

Mr. STOESEL. We will be very pleased to do that.¹

Chairman ZABLOCKI. Mr. Pritchard.

Mr. PRITCHARD. Thank you, Mr. Chairman.

Mr. Secretary, we are happy to have you here. We look forward to many more sessions such as this.

In your statement you say: "We must have broad international cooperation which will come into effect immediately if states violate basic violations under international law."

ACTS OF TERRORISM AGAINST THE EMBASSIES OF OTHER NATIONS

In the long run, this is absolutely vital if we are going to get away from continued acts against Embassies, particularly our own.

¹ See appendix 3.

Because I agree with you on the essentiality of international cooperation, I am concerned that the thing that I didn't see in the statement here was a reference to acts by other nations. You talked about the number of actions taken against our Embassy and against our diplomats. What is the record in this same period of time as far as other nations are concerned? Is there the same escalation of acts against Embassies and diplomats of other countries, or is this just directed against American Embassies?

Mr. STOESEL. No; it certainly has gone on in other countries, and other nationalities have been affected by this. I think Mr. Quainton perhaps has more details about this.

Mr. QUANTON. Mr. Congressman, as you perhaps know, there have been a wide variety of attacks on diplomatic facilities in the last 2 years. I believe the correct figure is there have been 32 or 33 Embassies attacked, of which only half a dozen or so have been American.

The number of other countries that have had to face violent attacks on their diplomatic premises now, aside from the number of diplomats killed, including a number of Turkish diplomats, for example, it is a problem which touches countries across a wide political spectrum, north and south, east and west.

The hope which we have that it will be possible indeed to find effective international measures rests on the belief that this is a problem which touches people irrespective of countries, irrespective of their ideology, if you will. That is the basis from which we start.

RESPONSE OF OTHER COUNTRIES TO TERRORISM

Mr. PRITCHARD. With that in mind, what are the other countries doing on this subject? Some of them have had more experience than we have in this area, particularly the British. Have they initiated any international agreements or taken other effective measures?

Mr. QUANTON. There have been some other international efforts. Recently, in the last session of the General Assembly, the Nordic group of countries put forward an initiative which we sponsored, which dealt with the question of measures relating to the seizure of Embassies, and the Secretary General of the United Nations is currently studying the recommendations of that resolution. So, there have been a number of initiatives.

The hostage convention to which reference was made earlier was a direct initiative of our West German friends which we supported throughout, until it was finally approved in December 1979. So, yes; there are a number of other countries that have taken the lead.

There are not currently very many other initiatives which are on the table. One of the reasons we are making this comprehensive review of the subject is to see if we can identify those proposals which would command the support of other countries that have been directly targeted.

Mr. PRITCHARD. Well, I guess the question I ask is what policy statements have other countries made as to how they are going to respond? Are their statements similar? It just seems to me if we are going to get a handle on this problem, some rather tough

things are going to have to be done. They cannot be done just by America alone if the solution is to be effective.

If all these countries are having trouble, it is hard for me to believe that the British and the other nations are remaining silent rather than coming forth with some really concrete proposals.

I am somewhat baffled by the fact that we had to await the end of the Iranian episode to get started on this project. Actually, the Pakistan incident in many ways was a more dangerous, damaging and really, in some ways a more dastardly act. A mob came unkindered, in to burn and kill all of the people in that facility, and it was just a miracle we didn't have 32 people killed.

So, I am somewhat frustrated that the world community which is threatened just as much as we are, hasn't stepped forth with some harder plans and something that is more concrete than we have today. I guess it is just a frustration I have.

I would urge you people to do what you are doing, but I think it will only be effective if done in coordination and cooperation with other countries.

I have no further questions.

Chairman ZABLOCKI. Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman.

Mr. Secretary, I also want to welcome you to the committee. Having followed your distinguished career in the past with great interest, I know you will continue in the same outstanding tradition.

I have three basic questions, Mr. Secretary.

HUYSER MISSION TO IRAN

I have attempted to elicit from officials of the Carter administration, ranging from Secretary Muskie and Mr. Christopher to Mr. Saunders, their appraisal of the Huyser mission to Iran.

It is the impression of a number of us that General Huyser was sent to Iran at a very critical moment to appraise the possibility of power being transferred from the Shah to the military.

I am disturbed, as Mr. Hamilton was, and Mr. Bingham seemed to have been, that the whole discussion of the Huyser mission takes place really outside of any context. I am determined to put it in some kind of a context.

I wonder if you have had a chance to study the antecedents and the particulars of the Huyser mission? If, in fact, you have not yet had such a chance, would you be willing to do so, and then submit in writing to the committee your appraisal of what, in fact, happened to the Huyser mission?

Mr. STOESEL. Mr. Congressman, I have not had an opportunity to familiarize myself with the circumstances of the Huyser mission. That is something which occurred when my responsibilities were obviously not in this area.

I would be pleased to note your request and to do whatever is possible in our resources to provide you with an answer to that question.

Mr. LANTOS. I would appreciate it.

SECURITY ACCOUNT

My second question, Mr. Secretary, relates to your testimony, specifically on page 3.

You talk about the \$1 billion security account, and I quote:

When the \$1 billion will have been placed in the security account, the additional funds will be transferred to Iran. However, whenever the balance in the security account should drop below \$500 million as a result of payment of claims, Iran is obligated to make new deposits sufficient to maintain the \$500 million balance.

What action do you contemplate if Iran fails to transfer the funds to maintain that account at \$500 million into the security account? This is a distinct possibility given the unstable, volatile, nondependable character of the Iranian authorities. What are the plans of the State Department in such an eventuality?

Mr. STOESEL. Mr. Congressman, I would like to ask Mr. Feldman to comment on that question.

Mr. FELDMAN. It is a fair question that you ask, Mr. Congressman. A number of the claimants are concerned about this issue. We have given some thought to it, but I would not want to say we have a definitive answer about a hypothetical situation.

The structure of the agreements provide two remedies in this type of a situation.

First of all, Iran has agreed that the awards of the arbitral tribunal may be enforced against it in any country. That is a waiver of sovereign immunity which we think would facilitate recourse by a disappointed claimant who has an arbitral award to the courts of any country in which Iran, for example, may be selling oil. There is the possibility in many of these countries of attachment of proceeds from oil and to recover the judgment in that way.

At the same time, under the agreement the U.S. Government would have a claim for breach of the agreement as a whole in that situation. We would have resource to the tribunal, which would be able in principle to award the United States damages in addition to the money that are owed to the particular claimant or claimants in that situation.

The U.S. Government could seek to enforce the award of that tribunal around the world. I am not sure whether it would be best to use diplomatic or judicial procedures in that situation.

So that the analysis is that Iran will have incentives as long as it wishes to continue to trade in the international marketplace to avoid litigation in pursuit of its assets around the world. So they have an incentive to make good on this arrangement.

REDUCING U.S. DIPLOMATIC REPRESENTATION IN UNSTABLE POLITICAL SITUATIONS

Mr. LANTOS. Mr. Secretary, my final question pertains to the future. I welcome the statement of Secretary Haig that international terrorism will be put at the very top of the administration's international agenda. I think this is long overdue, and I think it is a sound step.

I would like to deal with an intermediate situation, and to hear your thoughts about it.

Once we are dealing with an outright act of international terrorism, such as the takeover of our Embassy, I suspect that in the years to come we will have a far more effective and far better prepared and well-thought-out plan of action.

But what happens in the kind of a situation where in fact no overt terrorism has yet occurred, but the instability of the governmental structure makes it very unlikely that our diplomatic personnel, for instance, could continue to function safely in a situation?

I realize that historic precedent has been to reduce the size of our diplomatic mission. Has the administration given any thought to, without breaking diplomatic relations, transferring the focus of all contact and diplomatic relations to Washington in situations where the instability is so severe that a terrorist attack is likely to occur?

Mr. STOESEL. Mr. Congressman, I would say certainly this is an option to be considered. This will be one of the subjects studied by the present interagency group. I am advised that in the past we have, in the case of Uganda, proceeded in the way in which you suggest.

So, there is a precedent for it and it is something which we will want to put into the whole range of options which we will consider.

Mr. LANTOS. We, as Members of Congress, are profoundly concerned with the security of our diplomatic personnel. In this context, would you welcome legislation mandating you to proceed in such a manner should collective judgment determine that instability has reached the point where it would be unwise to maintain diplomatic personnel?

Mr. STOESEL. Mr. Congressman, I appreciate very much your concern and your interest with regard to our diplomatic personnel. My offhand reaction to the suggestion is that this type of legislation would not be required, that we already have the authority to do this when we judge that circumstances require it.

So that I do not at the moment see the necessity for such legislation, but it is something which we will be glad to study and to consult about in the future.

Mr. LANTOS. Thank you, Mr. Chairman.

Chairman ZABLOCKI. Mrs. Fenwick.

Mrs. FENWICK. Thank you, Mr. Chairman.

A few preliminary words. I don't like to think perceptions vary because one sits on one side or the other of the aisle. But it seems to me perfectly proper and right that one should honor a settlement which has been made lawfully, by our Chief Executive, as a matter of honor for our Nation.

At the same time, without questioning the legality of the act, one can still question the judgment as to whether that form of action is going to be profitable in the future.

MONTREAL CONVENTION

So, I am not at all confused. As I say, I hope it isn't just because we are sitting on different sides of the aisle. I am interested in the Montreal Convention. Which countries have ratified that?

Mr. QUANTON. I don't have the exact figures. I believe it is 108 or 109 countries. We have ratified the convention.

Mrs. FENWICK. Has it no teeth?

Mr. QUANTON. It has no teeth. It deals with the sabotage of aircraft.

TERRORISM AGAINST AIRCRAFT

Mrs. FENWICK. Well, the sabotage of aircraft—does that require, for example, the quarantine of nations that condone or harbor terrorists? I remember the airline pilots had a plan which I thought excellent, which was that they would not land in any nation that gave asylum to terrorists.

It seemed to me an extremely sensible, practical system, and it would be splendid if it could be extended so that indeed, for example, if we had such an agreement, it would also include a provision that our airports, for example, would not be open to those who did traffic with the country guilty of harboring, condoning and encouraging terrorism. Is that the way in which you may be moving? Is that one of the economic—

Mr. QUANTON. This is certainly the direction in which our thinking is moving. As perhaps you know—

Mrs. FENWICK. Does Montreal provide that?

Mr. QUANTON. No; we are one of the very few countries that has legislation which would enable us to cut off our air services as a penalty to countries that harbor hijackers, for example.

Mrs. FENWICK. Are we going to try to get other nations to join with us in that?

Mr. QUANTON. We, of course, have a core group of six other countries, our close economic allies, who have already joined with us, and we went out after the agreement at Bonn to countries around the world and, in fact, had a very substantial and positive response from a number of others.

What we are looking at now is whether this can be institutionalized in some more formal way.

Mrs. FENWICK. If you have an agreement to do certain things under certain conditions, why doesn't it work?

Mr. QUANTON. It applies to one very narrow category of problems.

Mrs. FENWICK. What is that?

Mr. QUANTON. Hijacking.

Mrs. FENWICK. So this is along the airline proposal?

Mr. QUANTON. That is correct.

Mrs. FENWICK. So now we are going to see if it could be extended beyond that, to cover seizure of personnel or property?

Mr. QUANTON. Attacks on diplomatic personnel and premises.

Mrs. FENWICK. I see. That is very good. So that there is sort of a rudimentary system in place that could be extended.

Mr. QUANTON. It is, alas, quite rudimentary.

Mrs. FENWICK. It applies to one kind of thing. It could be extended to others.

Mr. QUANTON. Indeed.

Mrs. FENWICK. As Congressman Pritchard's questioning revealed, West Germany and other nations have already done so.

ATTITUDE OF THE IRANIAN GOVERNMENT TO THE SOVIET UNION

I wondered, Mr. Secretary, if you could review any actions or statements or hints suggesting the attitude of whatever government there is in Iran toward the Soviet Union. Can you give us an idea of where they are moving? Is the Tudeh Party going to be permitted to continue to organize attacks such as those that took place 2 weeks ago? Could you review what is going on from that point of view?

Mr. STOESEL. I wonder if I could ask Mr. Constable to answer. He is very familiar with that situation.

Mr. CONSTABLE. The Tudeh Party is legal in Iran, is allowed to organize and carry on its activities. The reason for that seems to be that the Tudeh leadership has supported Khomeini and the Government has, therefore, chosen not to outlaw it.

Some of the other leftist groups that actively oppose the Government have been treated rather roughly by the ruling authorities, and in recent weeks we have seen these clashes in the streets. The Government's attitude toward the Soviet Union I think is not too dissimilar from its attitude toward us, perhaps even more negative in some respects.

There is a long history of anti-Soviet feeling in Iran. There has been a long historical experience of occupation by Soviet troops in parts of Iran. So, there is a fundamental animosity.

On specific areas, such as natural gas negotiations, the Iranians have been quite unyielding, have cut off natural gas flows to the Soviet Union and have refused to come to an agreement for reopening those supplies.

So, the relationship is strained in many respects between Iran and the Soviet Union.

ROLE OF THE PLO

Mrs. FENWICK. I have one question referring to the terrorist field. I think there is evidence that the PLO was certainly not averse to their actions concerning our Embassy, because the Iranian Government, as I understand it, turned over the Israeli Embassy to the PLO.

Is that correct?

Mr. CONSTABLE. At the time that the revolution took place, I believe that is correct; yes.

Mrs. FENWICK. Also, we have seen the murder of the Shah's nephew in Paris, and one or two others. I presume that the murderers may find asylum in Iran.

Well, now, this is the kind of thing that falls under the terrorist definition. How are we going to handle that? In fact, some of the officials of the PLO have boasted about training the Iranians for terrorism.

So, what is our attitude about that?

Mr. STOESEL. Well, I think we certainly are very concerned about any terrorist acts in any country, and most particularly in Iran. We will be watching very carefully what will happen, will there be a continuing pattern of assassination or taking hostages. We will want to study that.

Also, as we have discussed already, we have to take into account also the other circumstances by Iran, its political and strategic

importance. But the terrorist aspect is one which we will be giving special attention to.

Mrs. FENWICK. I am happy to hear that.

Chairman ZABLOCKI. Mr. Leach.

Mr. LEACH. Thank you, Mr. Chairman.

NEGOTIATION WITH TERRORISTS

Mr. Secretary, as we all know, we have gone through a national trauma with regard to Iran. But many of us are concerned with the initial phraseology of this administration about refusing to negotiate with terrorists.

I might say in this regard your statement today is very positive and very thoughtful. As I read it, refusal to negotiate with terrorists doesn't imply that we are refusing to negotiate with host governments where terrorism might occur, and that we shall at least maintain the option to communicate with host governments. Is that correct?

Mr. STOESSEL. That is correct.

Mr. LEACH. And that swiftness of action doesn't necessarily imply military action, although that right is reserved?

Mr. STOESSEL. That is true.

Mr. LEACH. It cannot be underlined enough that it is important to make clear in advance that there won't be quid pro quos like ransom and negotiations on prisoners, in order to deprive terrorists any incentive to take hostages; that in addition, by stressing a wide range of options, it should be made clear that military action won't necessarily be used because in many cases terrorists might prefer that to any other action of the U.S. Government.

This brings us to a very important issue: the distinctions between what might be described as negotiating and talking—that is, I would hope, refusal to negotiate doesn't imply that we won't talk either directly or indirectly with terrorists themselves, if for no other purpose but to tell them we refuse to negotiate quid pro quo?

Would that be a fair assumption?

Mr. STOESSEL. Yes; that certainly is.

Mr. LEACH. Finally, then, let me just proceed a little bit further in terms of history.

NEGOTIATING CHANNELS

From your perspective, as a professional diplomat, and as an individual who perhaps played a role in the negotiations with the Germans on the key breakthrough in our discussions with Iran, would you have any perspective to lend on negotiations in the early part of this crisis, when the Carter administration chose to work through some very bizarre, nongovernmental, international intermediaries, as well as nonprofessional people within our Government, particularly in the White House, to take the lead in this negotiating process?

Are there any lessons to be learned regarding the need to institutionalize the process of dealing with terrorism as well as the need to clarify the policies themselves of our Government.

Mr. STOESSEL. Well, on the first part of your question, I think, as I understood it, the interest was again in using all possible sources of contact. It was a difficult situation. The lack of central authority

in Iran made the situation particularly complicated and resulted in efforts to, as you say, use some rather unusual channels of communication.

Again, hindsight is useful on this. I think in general it is preferable to stick to established channels, professional channels, people who are trained, who have an understanding of what action is required and needed.

In this respect, this is something which, as I indicated in my testimony, we are working on very actively, to enhance our ability to deal with crises, to have trained people always on hand, and to run them through simulated hostage situations and communication problems and so on.

That is what we are doing. So, I think we will have a much enhanced capability in that regard, to deal with, to communicate, to do whatever is necessary.

Mr. LEACH. I thank you, sir. I would just like to end with the observation that it is as important to institutionalize the process as it is to clarify the policy. I commend you and the administration for working in this direction.

Mr. STOESEL. Thank you.

Chairman ZABLOCKI. Mrs. SNOWE.

Mrs. SNOWE. Thank you, Mr. Chairman.

U.S. PERSONNEL EXPERIENCE IN RELATING WITH TERRORISM

Recently there was an article that appeared in the Washington Post that was written by Steven Pesnik—I guess he was an Assistant Secretary of State—and resigned at some point during the Iranian crisis.

He mentioned a couple of incidents on an international basis, of which I guess there were 7,300, and 2,700 involved Americans, and which 100-odd were killed in the process.

He mentioned we did not have an antiterrorist policy. In the aftermath of Iran we clearly didn't. He said even if we did have a policy, we don't have the capability or the individuals to carry it out within the organization.

Do we have people who understand the dynamics of terrorism and who also are trained in terrorist activities?

Mr. STOESEL. Well, I would say we do have people. Mr. Quainton is one. I know he has been involved in a number of these unfortunate situations.

I think it is fair to say we don't have enough, and that there are deficiencies in the training and preparation for handling these situations which we have become aware of as we have looked at the results and the lessons to be gained from the Iranian situation.

So, it is something we are working on. I think we see there is a need to do more in this area—have more trained people on hand, and more ability to react quickly in a professional way to these situations.

So, we are doing that. We are giving highest priority to it.

Mrs. SNOWE. Apparently some of the assessments that were made on some of the experiences and events that occurred in Iran—one such assessment was based on the sharp divisions between the State Department and the National Security Council. In fact, the State Department was more disposed toward means of

concessions and the National Security Council may have been more disposed to use force.

How do you plan to cope with the jurisdictional battles?

CRISIS MANAGEMENT SYSTEM

Mr. STOESEL. What went on in the past, I cannot comment on. It is the intention of this administration to unify and concert its policies, with regard to this kind of situation, as well as with regard to a whole range of issues.

This is a top priority for Secretary Haig. I would expect that in the future, the responsibility would rest with the State Department for responding to terrorist incidents. But in the closest cooperation with other agencies of the Government who would be involved, and with the NSC structure in the White House.

Mrs. SNOWE. Is that a clear, definitive policy of the Administration right now?

Mr. STOESEL. Yes, it is.

Mrs. SNOWE. That has been decided upon.

Mr. STOESEL. Yes.

Mrs. SNOWE. Just a final question.

U.S. INTELLIGENCE OPERATIONS

Also, I think the whole thrust of all these hearings is to reconstruct what happened in Iran and obviously learn from it. Apparently during the time that we were supporting the Shah, we limited our intelligence activities and contacts out of loyalty and respect to the Shah, and so we acquiesced in that request.

What do you expect to do in the future with similar requests, and if in fact that has occurred elsewhere with other host governments. Obviously our intelligence information and intelligence gathering operation was very minimal and insufficient to at least identify what the problems were in Iran.

Do you intend to continue that policy at all if such a request is made by another head of state?

Mr. STOESEL. Well, I think we would certainly have to take sensitivities into account of the host nation. But at the same time we see the need for the broadest kind of intelligence coverage. I think we would find ways to insure that we received that.

Mrs. SNOWE. Thank you.

Thank you, Mr. Chairman.

Chairman ZABLOCKI. Mr. Roth.

Mr. ROTH. Thank you, Mr. Chairman.

Mr. Secretary, I wish to compliment you for your eloquence, and also for your endurance. My question will be very short, and that is this.

NEGOTIATIONS WITH TERRORISTS

I am somewhat baffled because I think there is a very important point that the chairman raised to begin with, and then Mr. Fountain, Mr. Hamilton, Mr. Bingham, and alluded to by other people here this morning; that is, on page 12 we have the sentence, "We will not negotiate the payment of ransom," et cetera.

Now, that seems to be a very categorical statement, but in your answers to these questions, you seem to back off from that. Now, what is our position?

Mr. STOESEL. Well, I would say, again, that that statement says that we will not negotiate for the payment of ransom. I think that has been a long-established policy. That policy has been reflected in the way the Iranian situation was handled. We did not pay ransom. We would not pay ransom in the future. Nor will we negotiate concerning the release of prisoners which might be held, for example, in this country. We will not do that. This is also something we have not done in the past. I think that should be clear.

We have discussed also in the course of these hearings whether we would communicate with hostage takers. I think clearly we would communicate, we would talk with them, we would see what their attitude is, and their demands and so on. But that does not mean that we would acquiesce in demands for payment or for the release of prisoners which they may seek.

Mr. ROTH. Well, that is very interesting because it seems to me, if I interpret the President correctly—in fact I was down at the White House when we had the hostage ceremony—that the President was very categorical. It seems to me also that we have to send a message to these would-be terrorists, that we will not negotiate. Once we say well, in this case we might talk, might do this or that, I think we are going to open the floodgates.

I think we have to have an absolute policy that we are not going to negotiate with terrorists, period. Otherwise, I think we are just—if we start making exceptions, we are going to have a lot of problems.

Mr. STOESEL. Mr. Congressman, I think I am saying that we would not negotiate with them. I think we have to communicate with them. But that is a distinction I think I would draw between negotiation and talking with them.

I think we have tried to be very clear that we will not negotiate, we will not negotiate for ransom, for the release of prisoners or in any other way.

Mr. ROTH. Well, maybe you are right, Mr. Secretary. Maybe we are just using a semantical problem. But I think it is very important, in my opinion, that we tell any would-be terrorist that we have a policy, the United States has a policy, we are not going to deal with you, period. I think that is most important.

Mr. STOESEL. I would agree.

Mr. ROTH. Thank you, Mr. Chairman.

Chairman ZABLOCKI. Thank you, Secretary Stoessel and your colleagues, for your patience and your direct answers. We look forward to your answers to questions that will be submitted to you for the record.

If there are any that need to be classified, please indicate so. I don't personally believe there would be any need for classifying the answers, but if there is, let us know and we will abide by your wishes.¹

Thank you again, gentlemen.

The committee will stand adjourned subject to call of the Chair.

¹ See appendixes 3 and 4.

[Whereupon, at 12:20 p.m. the committee adjourned, subject to call of the Chair.]

IRAN'S SEIZURE OF THE UNITED STATES EMBASSY

WEDNESDAY, MARCH 11, 1981

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C.

The committee met at 10 a.m. in room 2172, Rayburn House Office Building, Hon. Clement J. Zablocki (chairman) presiding.

Chairman ZABLOCKI. The committee will please come to order.

Today we hold the fourth and final day of hearings in the full committee on Iran's seizure of the U.S. Embassy and U.S. personnel. During the next several months the four subcommittees with jurisdiction over the various issues will conduct more specifically focused hearings.

We are pleased and honored to have before us this morning three representatives of the U.S. personnel that were held as hostages: Bruce Laingen, who was Chargé d'Affaires at the U.S. Embassy in Tehran; John Limbert, political officer; and Col. Charles Scott, Chief of the Military Liaison Office.

Gentlemen, let me just say that we are very proud of you and your colleagues, of your behavior during the 444 days of captivity. It must have been most traumatic. You represent what is best about this country; and we are very glad to have you home and safe.

We are particularly interested in hearing exactly what happened at the time of the seizure of the Embassy; what the initial purpose of the takeover was and how that purpose changed during your captivity; how you were treated; and what lessons you think are to be learned for dealing with terrorism and protecting U.S. diplomats overseas.

Mr. Laingen, you may present your statement.

STATEMENT OF BRUCE LAINGEN, FORMER CHARGÉ D'AFFAIRES, U.S. EMBASSY IN TEHRAN

Mr. LAINGEN. Thank you, Mr. Chairman.

On behalf of all my colleagues, I want to thank you for that generous introduction. I know that my two colleagues, who are with me today, and indeed all of them, would want me to say that if we coped and if we were able to do as well as you suggest in surviving that period, it was because we knew we had the support of a united country. We were, if you will, the reflection of our people and the best in our people. We thank you for that.

My two colleagues came to Iran, as I did, in the aftermath of the revolution. Most of my colleagues came to Iran in the aftermath of the revolution in February. Colonel Scott, to my right, knew Iran

from before in a previous tour. I had served in Iran in the 1950's, and John Limbert, my colleague to my left, had served there as a Peace Corps volunteer. So in that respect, we had some idea of what Iran was like and, indeed, our happy experiences, I think, in Iran in the case of all of us, were what figured very largely in our decision to go back and accept the request that we go back in the aftermath of the revolution.

I would hope that my two colleagues this morning will take issue with me, if they wish, in anything I have to say or in any event, will feel entirely free to respond themselves to questions that may be directed to me.

I would like to read my statement, in which I think my colleagues concur. I believe neither of them has a statement to make themselves, although they are welcome to make oral statements after I finish, obviously.

APPRECIATION FOR SUPPORT OF THE AMERICAN PEOPLE

Mr. Chairman, my colleagues and I appear before the committee this morning as representatives of all the 72 Americans taken hostage in Tehran on November 4, 1979, and released at different times and in different stages. To put it simply, we are glad to be home. We have said that often. We mean it with all our hearts.

We welcome this opportunity to thank the members of this committee and all the Members of the Congress for their efforts in our behalf throughout the time of our captivity. We are especially grateful for the many acts of kindness shown our families.

Since our release we have learned of the close cooperation between the Congress and the executive branch in the course of the many efforts made to resolve this crisis. We take particular note of the letters signed by Members of the House and addressed to the Iranian Majlis. We are confident these letters were useful in reminding the new elected Majlis, at a crucial time, both of their responsibilities under international law and of the resolve and unity of the American people on this issue.

We take this opportunity to ask members of this committee to convey to their constituents our gratitude for their support. We were confident as hostages that we had their friendship and their prayers. Since our return to freedom we have seen and felt that support directly in ways that we could not previously have imagined. For all of us the experience has been a magnificent demonstration of the continued strength of fundamental American principles of freedom and human decency. We pledge ourselves, all of us, to do all we can as individual citizens to strengthen these principles, as well as the sense of community in our country that characterized the national response to this crisis, and that we hope so much can continue.

We want also to record our appreciation for the tireless efforts in our behalf on the part of our colleagues in Government service, unsung heroes, in the patient and determined efforts in the often frustrating process that finally achieved our release. We think of all of those in the State Department's Iran working group, including the many volunteers from families of Government personnel.

Mr Chairman, I considered naming names in this statement. As I told one of my colleagues, it would amount to a bioregister of the

Department of State, because virtually every person in that building in one way or another was helpful to us and support of us, as was true in other departments of Government.

We take special note of the dedication and negotiating skill of President Carter, Secretary Muskie, Deputy Secretary Christopher, Assistant Secretary Saunders, Treasury Secretary Miller, and many others, that characterized the discussions over the weeks and months immediately preceding our release on January 20.

The outcome of those discussions has demonstrated to the world that we are a nation of laws, one that attaches the highest importance to the principles of international law and practice. I want to mention in this context Secretary Vance for the dedicated work that that man of such great integrity did on our behalf while he was Secretary of State. And I want specifically to thank him on this occasion for his coming to Wiesbaden and spending several days with us, and speaking to us in all frankness about this issue, and about the policy evolution that eventually saw our release.

Mr. Chairman, what began as a tragedy is now fortunately behind us, with our country finding new reason for unity and confidence at a time that happily coincides with a period of new beginnings in our political life. Regrettably, however, the threat from terrorism against our diplomatic missions and those of other countries continues.

INTERNATIONAL COOPERATION ON TERRORISM

There is some assurance that there will be no repeat of the kind of government condoned terrorism that occurred in Iran, given the now dramatically visible cost to Iran itself of the action it took. But the international community cannot proceed on that assurance alone. We hope, therefore, that our Government will continue to play a leadership role in pressing for multilateral understandings that will add teeth to the rhetoric—we have lots of that—of the international community's resolve against terrorism and thus make clear in advance to governments that may be prepared to condone such acts of terrorism that the political and economic costs of doing so will be severe indeed.

UNITED STATES RELATIONS WITH IRAN

Mr. Chairman, we went to Iran in the aftermath of the revolution there in 1979 to implement U.S. policy. That policy directed us to work with those then in authority to try to build a new relationship with Iran, one that took full account of the changes brought by the revolution and of our own interests in the area. That effort was frustrated by the seizure of our Embassy and its personnel and the events that followed.

It is clear from this and from many other indications that the revolution in Iran is not yet complete. Its outcome is far from clear. Until it is, I think we can all agree that our posture should be one of caution but also of careful watching, looking toward the time when there may again be the possibility of a relationship of mutual trust between Iran and the United States.

APPRECIATION OF ACTIONS OF OTHER COUNTRIES

Meanwhile, we welcome our Government's decision to proceed with implementation of the hostage release agreements, in strict accord with the terms of those agreements. We want, in that respect, to reiterate our appreciation for the role played in that process by the Government of Algeria, as well as the Government of the Federal German Republic, Britain and Switzerland. All Americans owe the governments and peoples of these countries a great debt for their friendship and help, none more so than we who were its particular beneficiaries.

Mr. Chairman, I have not listed in that reference, which deals with the immediate negotiating process that resulted in our release, with the fact that a great many other countries, friendly countries around the world, particularly in Western Europe, were helpful to us in many ways, personally to us in Tehran, officially with us as a government in Washington. And, of course, I want to pay particular credit, particular respect this morning—and that is why I am wearing my maple leaf in my lapel—to the Government of Canada, and to all the people of Canada for the magnificent role that they played last January, indeed November, December, and culminating in January, in facilitating the return to freedom of our six colleagues at that time.

No one welcomes more than my group of hostages—exhostages—the fact that President Reagan has made a visit to Ottawa, one of the first, perhaps it is his first visit abroad, giving priority to the importance that I think all Americans should attach to good relationships, good relations with that great neighbor to the north, that ally that had demonstrated to us what a true ally is really like.

Mr. Chairman, that completes my statement. If my two colleagues would wish to say anything at this point, I give them the floor.

Chairman ZABLOCKI. Mr. Limbert?
Colonel Scott?

IRANIAN ASSURANCES TO PROTECT THE U.S. EMBASSY

Mr. Ambassador, there are many questions that remain unanswered. One of the concerns we have had is that repeatedly our Government had received assurances that the Iranian Government would protect and secure our embassies and personnel. It is my understanding that when you heard about the takeover while at the Foreign Ministry on November 4, you asked the Government of Iran's cooperation to stop the Embassy takeover?

Mr. LAINGEN. That is correct.

Chairman ZABLOCKI. What was the Government of Iran's response?

Mr. LAINGEN. At that time, Mr. Chairman, as you know—

Chairman ZABLOCKI. Not only what they said to you, but what action did they take?

Mr. LAINGEN. At that time, as you recall, the government was a provisional government headed by Prime Minister Bazargan. That government fell 48 hours later in large part, although not entirely, as a consequence of the takeover.

We were at the Foreign Ministry that morning—my two colleagues and I—on a diplomatic call which went very well, and strangely enough, dealt with a question of diplomatic immunity relating to the future status of Colonel Scott and his team in the Defense Liaison Office. That conversation was not conclusive, but it went rather well that morning, dealing of all things, with the question of diplomatic immunity. Rather ironic in retrospect now, as seen in hindsight.

We attempted to return to the compound, learned of the dust-up, as my first call suggested it was, returned immediately to the Foreign Ministry to seek assistance there, as we would normally do.

We had a great deal of difficulty locating people with whom to speak in that ministry, because of—well, fundamentally because of the nature of the power in that city at that time, complicated in that instance by the fact that the Prime Minister had just returned from Algiers where he had participated in a ceremony on the 25th anniversary of the Algerian independence. The Foreign Minister was airborne and then en route to the office from the airport and was not immediately available.

The response was grossly inadequate to our appeals. For that reason, among others, but more fundamentally because seen in hindsight particularly, it was clear that that government no longer had any power to exercise, no longer had any capacity to bring forces to bear to secure our release. They meant well. Prime Minister Bazargan, Foreign Minister Yazdi, I think would very much like to have done at least what they did at the time of the February takeover, when Yazdi himself went to the compound and facilitated the return of that compound to us.

This time it became clear, as that painful day wore on, to me, that he did not have the power, and it was for that reason he did not go.

We had prior assurances, Mr. Chairman, in the context of my approach to the government when the Shah was admitted 2 weeks earlier, that they would do what they could. In their terms, they would do their best, and there was evidence in those 2 weeks that they were trying, and occasionally they did provide assistance that actually worked, particularly in the demonstrations that occurred on the 1st of November.

We had close collaboration with the regular police, continuing contact with the Foreign Ministry. But when a mob came over these walls, they were not prepared and didn't have the power to provide the assistance we needed.

Chairman ZABLOCKI. In saying the government did not have the power, is that because the Ayatollah Khomeini would not enter into the situation at that point, and back them up?

Mr. LAINGEN. It was clear by that time that real power was not in the Prime Minister's hands. It was in the hands of the clerics, the fundamentalists, the Revolutionary Council elements, that had bedeviled Bazargan's exercise of authority all along, but that had become particularly acute in the context of that action by that group of militant students.

ADMISSION OF THE SHAH TO THE UNITED STATES

Chairman ZABLOCKI. There is a perception of many in the United States, that admitting the Shah to the United States precipitated the takeover. Without making any assessment or judgment whether it was proper to admit the Shah for humanitarian reasons for medical services, did you have any indication to this effect prior to his admission. Did you in any way contact Washington that it would be preferable that he not be admitted, or that there would be some reaction in Iran if he were permitted to enter the United States?

Mr. LAINGEN. I think, Mr. Chairman, that our position on the possible admission of the Shah is pretty much on the public record as a consequence of documents that were seized and released. We did counsel in messages, both in July and in the latter days of September, against admission of the Shah at that time. It was our view, it was my view, that until we had a regular government in place, a constitution adopted, the provisional government no longer provisional, with an ambassador on our part in place, and therefore, our relations with Iran more regularized, that it would be unwise to admit the Shah.

I did not counsel against his ultimate admission. I was not against that. But I did feel that timing was of great consequence. We warned in July that to admit him at that time would very likely produce massive demonstrations against us. Our hope was that should those take place, there would not be the physical assault on our Embassy of the kind that took place in February. But we did warn that we could not be entirely sure of that, because of the political picture in the city, and the still inadequate security situation at that time.

I was asked for an update in late September, particularly should the admission be on humanitarian grounds. Our response was that the situation fundamentally had not changed. The process of putting a regular government in place had been slowed down considerably. The statements of Khomeini regarding the Shah in the immediate week, I believe, before that request for my opinion came, had been very strong about the Shah generally.

I did say that it was possible that admission for urgent medical treatment on humanitarian grounds might moderate some of the reaction, but that it would also very likely be seen as a subterfuge by many, including the fundamentalists.

In that respect, yes, we did make clear our position about the consequences. We did not spell out the kinds of attacks or consequences that might occur. I think we all had possibilities in our minds. I doubt that any of my colleagues at that time could have conceived what happened on November 4 and its duration for 444 days.

Now, my two colleagues may want to comment on that.

**STATEMENT OF JOHN LIMBERT, FORMER POLITICAL OFFICER,
U.S. EMBASSY IN TEHRAN**

Mr. LIMBERT. I really have no comment, nothing to add, except to add my agreement to what Mr. Laingen says.

The only thing I might add is that during the weeks immediately preceding the takeover, there were increasing signs of the power-

lessness of the provisional government, Bazargan Government, including student seizures of buildings, they seized hotels, turned them into dormitories. The government at that time was powerless to do anything about it.

The anti-American rhetoric in the press had become increasingly virulent, and all of these signs were there, and I believe we brought all of these signs—we noted all of these signs in the reporting from the Embassy.

**STATEMENT OF COL. CHARLES SCOTT, CHIEF, MILITARY
LIAISON OFFICE, U.S. EMBASSY IN TEHRAN**

Colonel SCOTT. No comment, sir.

Chairman ZABLOCKI. Thank you.

Mr. LAINGEN. I should note these demonstrations on the part of students that John has referred to, that were quite considerable in late September, October, were not specifically directed against us. They were related to academic issues, and focused particularly on the University of Tehran and some of the schools. Many of them passing by our compound en route, many of them yelling their rhetoric against us as they passed, but not stopping.

Chairman ZABLOCKI. Thank you very much. My time has run out.

Mr. Broomfield.

Mr. BROOMFIELD. Thank you, Mr. Chairman.

I, too, would like to join in the welcoming statement made by our chairman. We are very honored to have you all here today. I cannot help but think that your return to Washington and the reception you and your fellow hostages received from the American people and the President of the United States, have done more to bring our country together in unity than anything that has happened in a good many years. You and the other hostages have paid a terrible price, but you have done a great service by bringing our country together in unity, and that is what we need to do if we are going to change our foreign policy.

U.S. TERRORISM POLICY

Now, the attitude toward terrorism has changed. President Reagan recently warned the world that in the future terrorists should be aware of swift and effective retribution. How do you feel about this kind of new policy on terrorists? Do you think it is appropriate, the way we should deal with it? Do you think that is the only language they understand?

Mr. LAINGEN. Mr. Broomfield, I want to thank you for the statement you made on our return. To the extent that we facilitate that kind of unity, nothing could make us happier. Some of us have even said to ourselves, maybe we would do it again, but we sort of add "not quite" afterwards.

Our only hope—and I know that is yours as well—is that this atmosphere, this euphoria, will not be simply euphoria, but will last. I think, as I have said on many occasions, the fact that it coincided with a time of political transition, whether we are Republicans or Democrats, may be a fortunate coincidence.

I welcome, myself, the statement made by the President with respect to terrorism generally; that is, that should this kind of act

again occur, there would be swift retribution. I also welcome and understand what I think the Secretary said, Secretary Haig emphasized, that what we do, how we apply that policy, must remain secret, somewhat vague, and obviously will depend on the circumstances that each particular act of terrorism involves.

In that way, yes, I welcome the statement, and fully agree with it.

PURPOSE OF SEIZURE OF THE EMBASSY

Mr. BROOMFIELD. What do you believe were the original motives and goals of the so-called militants in taking over the Embassy and holding you hostages there? Do you think these goals or motives changed during the course of your confinement and the drawn out efforts to obtain your release?

Mr. LAINGEN. I would like Mr. Limbert to speak to that, but let me simply say, preface what I say and I think what he will say, with the observation that I don't think we really know that much yet about what motivated those militants. There are problems of terminology. I think all of us are hesitant to use the term "students" because of their actions, but that was a handy name at the beginning. We call them militants. Some of us have other names that we don't use in public.

I think it is to me—it is clear that their purpose was not the Shah as such, was not his return as such, not his punishment as such. It was to put the revolution back on the course that they thought it should be on, and that they thought it had veered from. They wanted to get it back to its original direction.

They were concerned about the step by step approach of the Government of Bazargan. They were particularly troubled by what they saw, I think, to be indications that the regime was prepared to go back into some kind of relationship with the United States—not as much as before, but even a limited one, was troubling them.

As far as the fundamentalists, the clerics particularly, are concerned, I have no doubt of their antipathy toward us—some of them, not all of them. I don't mean to brand them all in that way, but they were concerned, these ideological Islamic militants, about a much broader threat from the United States, far beyond political. It is the cultural pervasiveness that they sense of our presence on the world scene, and the damage that they see that doing to their own culture and their own values, and as they seek to see them applied.

Therefore, I think the admission of the Shah was the peg that they used to take the action for much broader purposes than anything to do with the Shah.

Now, whether those purposes changed, no, fundamentally I don't think they did, but I would have to say that I don't know that any of us knows at this point for sure just what they had in mind in terms of holding that Embassy and its occupants for any length of time.

There is some evidence, I think, from conversations I have had with my colleagues since we have been released, that it might well have been intended to be one of short duration. That changed obviously very quickly for reasons that I am not entirely certain of. There is some indication that there were different groups involved,

and that different groups came in rather shortly thereafter, and took over and directed it in more political terms.

I think in this connection perhaps that some of the things that they saw in the chancery, particularly communications equipment that we have, which is very sophisticated, but which can be purchased off the shelf and is not classified, convinced them that this place must be something sinister, and therefore, they may have immediately concluded that they ought to hold it longer than they otherwise planned. I don't know. I would like Mr. Limbert and possibly Chuck Scott to comment if they would like. They knew the student militants much more directly than I did, thank God.

Mr. LIMBERT. Well, from my very limited view of events, from inside the compound, I sense, I got the impression very early on, sir, that their purposes were rather confused, because if they in fact wanted the Shah back, their actions and the very hard line, the stance that they took, seemed intended to frustrate their very own purposes, and their actions made it almost certain that they would never get the Shah back under any circumstances.

So I think their purposes were other things. Now, these purposes were very clear in their minds when they came into the Embassy, I doubt it frankly, from my own knowledge of Iran—and Colonel Scott may want to comment on this—is that in Iran very little is ever planned very far in advance, and many things are done on the spur of the moment. I think a lot of what happened at the Embassy was done on the spur of the moment, and then as events developed, things changed and we saw positions taken. I think it accounts for a great deal, but probably the anti-Shah or the getting of the Shah back, as Mr. Laingen says, was probably not the primary purpose.

Mr. BROOMFIELD. Colonel?

Colonel SCOTT. Mr. Broomfield, first, I think we had this question several times, were they militants, were they students, or were they terrorists? I don't believe the terms are mutually exclusive. Some of them had been students at one time. They were certainly militant, and I can only call them terrorists, and I think clearly, that is what they were.

From the time that they actually took over the Embassy, and I believe that it was planned at least several days in advance—they came in with ropes all cut to tie our hands, with blindfolds already prepared. There was a definite planned attack with an objective of seizing the Embassy compound and taking hostages.

I think most of the young men who were members of that terrorist group initially really sincerely believed that through that action they might get the Shah returned to Iran for trial, but as time wore on, and we were able to talk to them and sort of use a brain wash in reverse technique, many of them were dissuaded of that view, and then felt that they wanted an apology from the United States for their version of past incursions into Iran after the Mosedegh era that sort of thing.

But they got off of the idea of trying to get the Shah back in conversations that I had with them as early as January or February.

Mr. LAINGEN. There can be no doubt, Mr. Broomfield, that it was preplanned. I agree fully with Colonel Scott. And I believe it was planned also with some knowledge and cooperation with members

of the inner circle, some of the fundamentalists. By admission, one of them, now a Deputy Speaker of the Parliament, was in contact with the militant students before the takeover; he knew of it. He himself said that the Ayatollah himself, Khomeini, did not, and I have no evidence to suggest that he did, but I suspect others in the inner circle were certainly aware of it.

Chairman ZABLOCKI. Mr. Hamilton.

Mr. HAMILTON. Thank you very much, Mr. Chairman.

NEGOTIATIONS WITH TERRORISTS

Ambassador Laingen, gentlemen, we are delighted indeed to have you with us this morning.

When Under Secretary Stoessel was here, he said among other things—and I quote him directly now: "This administration would not have negotiated for the hostages' release."

My own impression is that you are sitting there today because of the negotiations, and had we not negotiated, I am not sure what would have happened to you.

I notice in your statement, Mr. Ambassador, you go out of our way to praise the dedication and negotiating skill of several persons. I am tempted to ask you, but I won't, what you think of the statement that the administration would not have negotiated for your release. But what I will ask you is, do you think if American diplomats are taken hostage in the future, we must consider the option of negotiations very seriously, and not rule it out? Would you agree with that?

Mr. LAINGEN. Yes; I agree with that. I don't think you can exclude anything until you see the circumstances with which you deal.

Mr. HAMILTON. The thing that concerns me is that the words "swift retribution," or words to that effect, suggest that we may be ruling out the possibility of negotiation in the future. And what I want to hear from you very directly, and clearly, is that you think negotiations is an option that ought to be considered and seriously considered, in any such future event?

Mr. LAINGEN. Well, Mr. Hamilton, you can appreciate that I am not speaking for the administration. I cannot speak for the administration, and yet, I speak as a Foreign Service Officer on active duty responsible to the Secretary of State, but I do not certainly speak for him this morning.

My own personal view is that nothing can be excluded in advance of a situation of this kind that will confront you. I think you can find from the record of our dealing with terrorist situations to date that almost always there has to be some kind of contact at least, whether you call it negotiations or not, but there must be some way of establishing contact with them to learn of the kind of immediate circumstances or crisis you are dealing with.

In this situation, whether you call this negotiations, I prefer the term—perhaps I didn't use it—discussions involving a friendly third party. We did not negotiate directly. We could not under the circumstances. They would not negotiate with us.

Mr. HAMILTON. I appreciate your answer. I recognize it is a very simple point. At least it is to me, but it seems to me one that needs

to be stressed in view of the kinds of statements we have had about swift retribution and no negotiations.

TREATMENT OF THE HOSTAGES

Now, let me go to another topic. There have been all kinds of reports out about mistreatment of you and your colleagues while you were being held captive. I wonder if we could get from you some kind of an overall assessment of what your treatment was like? Were there physical abuses, were they frequent, were they infrequent, was it primarily mental abuse? What kinds of abuses occurred? Is there any way you can generalize about that to give us a picture?

Mr. LAINGEN. My colleagues can speak to that much better than I.

Let me say before they speak, that I always preface my answer to questions of that kind with the observation that all of us were mistreated in the sense that we were denied our fundamental right of freedom, to walk out the front door, or whatever, and that is an abuse, a mental abuse, that can hurt physically. We all suffered that. There were 72 different experiences, but all basically the same in that respect.

The three of us in the Foreign Ministry were not physically abused. We were on the whole well treated until we were taken to prison for the last 3 weeks. There we were held in solitary confinement.

Most of my colleagues experienced solitary confinement at one time or another, some for tragically long periods of time. And that is, I think, one general pattern of treatment that was abusive and unfortunate.

I think—my impression from what I have learned talking to my colleagues is that much of the physical abuse was the product of petty meanness and obsessive occupation with security, rather than a premeditated plan of brutality. I would leave it at that and let my colleagues speak to it.

Colonel SCOTT. During the first 2 weeks, sir, I was interrogated over long periods of time, day and night, and usually moved to a different place after each interrogation. I was threatened with such things as having an arm cut off. I was beaten, more often out of frustration at the answers I was giving than any deliberate attempt at what we call classic torture. During that 2-week period, I was deprived of sleep most of the time. I got very little sleep the first 2 weeks.

After the interrogation period, I was placed in with other hostages. We were not allowed to talk. Each time you went to the bathroom you were blindfolded. If you left the building to move somewhere else, you were handcuffed, normally to the structure of the vehicle so if there had been an accident, and the vehicle caught fire you were lost.

After 2 weeks I was moved up to north Tehran in the middle of the night, blindfolded and handcuffed, into a house up there and remained there until December 8, at which time I joined the group that moved into the mushroom and remained there until March 4, at which time they accused me of passing information through some of the various communications methods that we had devel-

oped, and I was placed in solitary confinement from that point until we went to Tabriz in the wake of the aborted rescue attempt on April 25.

While in Tabriz, again I was locked in a vault with no windows, no fresh air, and that was pretty much the rule in the places where I was throughout the 14½ months. I was only in solitary a total of 7 weeks. The remaining 8 months of it I was in with another officer. It was part of that security setup not to mingle people and then change rooms and change cells. So I was with the same officer for the last 8 months.

With the exception of 11 days in April, and the last 25 days during which we were in the Ministry of Foreign Affairs' guest house, I was never able to see daylight. I was always in a room without windows, and without any circulation of air.

As far as the physical abuse, actual physical hands on type of abuse, it took place only during the first 2 weeks for me. I got the idea after about the first week that they were beginning to get their act together, if you will, and they had more discipline in the way they handled their interrogations. There were less of the hotheads who were flying off the handle and striking people just out of frustration.

Mr. HAMILTON. Mr. Limbert.

Mr. LIMBERT. I can really only speak for myself and the people I had immediate contact with. I would endorse what my colleagues say. I was not physically abused in any sense, except in the sense that I was in isolation. I was by myself for 8 out of the 14 months. The mental abuse, though, that Mr. Laingen speaks of, the deprivation of freedom and the isolation from our colleagues—and I would emphasize the isolation from news—we were completely cutoff from news from the outside world. No television, no radio, no newspapers.

I should point out in fairness, that perhaps because of their disorganization of the students, this led to sometimes, to acts of meanness. But it sometimes led to—there were acts of spontaneous kindness from individuals.

For example, at some time they found a popcorn machine in the Embassy, and sometimes in the afternoon they would make popcorn and bring it around for us in the afternoon. Sometimes they would bring ice cream. Within their own terms, I think many of them thought that they were treating us humanely.

Of course, this overlooked the essential fact that they were holding us against our will, and this in its own sense was inhumane.

Mr. HAMILTON. Thank you, Mr. Chairman.

Chairman ZABLOCKI. Mr. Findley.

EMBASSY SECURITY

Mr. FINDLEY. Mr. Laingen, what might have been would fill volumes, of course. But as you reflect upon your experience, and the possibility that similar problems may arise in the future, are there any recommendations that you would voice today about military security for embassies?

For example, it is my understanding that the Marine personnel there did not fire weapons though they had weapons. The possibility has been noted that even some shots fired in the air might have

created panic among the militants. Do you think that embassies should be protected by larger detachments of Marine personnel who are better equipped, with the expectation that, in the event of an assault, they would have the option of using weapons, hoping that this would, at the very minimum, give the embassy personnel greater opportunity to destroy important documents?

Mr. LAINGEN. Mr. Findley, I gather one of your subcommittees is going to be discussing this in detail later, and I think that is important that that happen, including participation on the part of our security officers at the embassy, who are not with us here this morning and who have an obvious and direct interest in that, and it is an experience in this particular affair that I don't have.

I do not favor myself, the use of firearms in defense of the chancery, except as our present policy dictates, that is, where the Chief of Mission directs it for some reason, or where individuals who are in danger of life and limb are directly threatened.

I attach a great deal of importance myself to the view that we cannot, as diplomatic missions, become fortresses armed with guns and hope to survive in that way in a given country. If we began to use that kind of force in the circumstances, I think from what I could see from the Foreign Ministry that day in Tehran, there could have been some very serious consequences.

Mr. FINDLEY. So with the advantage of hindsight, you would not have directed the Marine guards to open fire or to fire the weapons in the air?

Mr. LAINGEN. No; I would not. I think there are other things that can be done. My impression is that we did not make adequate use of tear gas, for example, that day as a deterrent. I think there are other things that can be done with respect to the structure of chanceries. I think we have all gained a new appreciation of the importance of safe havens within a chancery as a part of the delaying process.

That is all we can really do when you face a situation like this—a delaying process that will facilitate the destruction of documents and a delaying process that might also, depending on the government in power, see a rescue force come to help you out. Ultimately you depend, no matter what you do, on the attitudes and capabilities of the host government.

We can do other things in connection with the document destruction. As you mentioned, in other words, have less paper. We are all pack rats in government and diplomats are no different, and we try to hang on to it. We have to hang on to some. We have to have some memory retrieval, but I think we had much too much in that chancery. We were in an emergency posture with respect to those documents, but we had too much to destroy, and we did not have adequate time. And that responsibility rests on me as Chief of Mission.

In retrospect it is clear that I did not give the order to destruct soon enough. We did manage the destruction of all cryptographic equipment. That matters most, but other documents that adversely affected Iranians and Americans were, as you well know, as we all painfully know today, were not destroyed, and no one regrets that more than I.

PUBLIC RECEPTION OF THE HOSTAGES

Mr. FINDLEY. Mr. Laingen, I see that you were in the Navy in World War II, as I was. If your experience after the war was the same as mine, there weren't any bands playing to welcome you home from service in the Navy. That certainly was my experience. And, therefore, I am sure you understand the comments that some veterans of military service, particularly those from the Vietnam war, have made, drawing a sharp contrast between the joyous welcome the hostages received in contrast to their own return after serving their country.

Are there any observations that you would like to make to such people?

Mr. LAINGEN. I have no reservations about the return I had after World War II. I thought I was very warmly welcomed, even though not quite under these circumstances or this dimension.

I understand why people feel that way, and I regret it, but I hope that we don't go off on a guilt trip as a nation and as a people now because of this celebration of freedom that we have just enjoyed.

We are all free, we are all freer than we were before, we are free of this issue and of the feeling that we were all held hostage to some degree. I have no reservations about it. Not because I benefited from it; that is not the point. But because it gave Americans the opportunity to tell themselves that they felt good about themselves and that the country wasn't such a bad place after all, nor were its purposes so bad, nor necessarily was the end result of this issue all that bad.

I believe there is much that is positive about it. I would hope that instead of criticizing us or ourselves for what happened, that we use this as a reminder that we are a country that has a great sense and tradition of community responsibility to those in need and in distress, and that we look seriously at what we can do now for those who came back from overseas service and did not get the benefits that they deserved.

And let me say in this connection, Mr. Findley, there are a lot of heroes around, real heroes, not us. There are a lot of heroes serving out there on the front lines today. I think particularly in this connection of those men in the Indian Ocean, manning those ships for such long periods of time, without getting back to shore, and some of them, on every tour of those carriers, losing their lives. Those are unsung heroes. They don't get the credit we got. They should. And I hope we remember that.

Colonel SCOTT. I don't know how I could possibly add anything to what Mr. Laingen has said. As an ex-hostage and a Vietnam veteran, I concur fully with the words of my former boss.

Mr. LIMBERT. I have no comments.

Chairman ZABLOCKI. Mr. Bingham.

Mr. BINGHAM. Thank you, Mr. Chairman.

Ambassador, and colonel, I would like to express my feeling of pride in your record and that of your colleagues. I want to say that I admired very much, Mr. Ambassador, what you said at the White House on the day of the reception, and I admire what you have said here today.

RESCUE ATTEMPT

I would like to ask you for your comments on the rescue operation that was attempted, particularly if you have comments to make on the chances of success, as you have learned about the operation since you have been back. I was one of those at the time who felt that it did not seem to be very well advised. I tended to agree with Secretary Vance at the time.

I particularly wondered about the possibility of rescue of the three of you who were in the Foreign Ministry—even if some successful effort had been made at the compound, whether it was conceivable that you could have been snatched out of the Foreign Ministry?

Mr. LAINGEN. Well, Mr. Bingham, that is a very sensitive subject, I think, for each of us to talk about, particularly because, however we may feel about that operation, or about rescue operations in general, all of us have the highest respect for those who planned it and particularly for those who embarked on it, and most of all, those families who gave members of their families in defense of freedom for us.

Having said that, my personal opinion of rescue missions is that every government in the face of every terrorist activity must begin immediately to plan a rescue mission, to have it ready, to do it and have it ready on the planning boards to go if all alternatives are lost, or gone, or if the other alternatives are so bad that you have to take that course.

Obviously, any planners of rescue missions plan with the hope that all of those held can be removed safely and securely. And I am sure that was involved in the discussions of those who planned this mission, and in the judgment of President Carter, and others.

I know of the reservations of Secretary Vance. He was very frank and open with us. We respect him for his integrity above all.

As far as this particular operation is concerned, I am hesitant to even speak to its planning and its prospects until I have really had a chance to sit down and talk with those who did plan it. And I don't think any of us—at least that is true for me—know that much yet about it, what they had in mind.

Based on what I know of that compound, of what I assumed to be the disposition of the hostages then within it, the revolutionary atmosphere of the city, even at night, the number of guns in the area, the difficulty of access that we all know so painfully by now into the country, and then on into the city, on the face of it it would have had to be a very difficult and complex operation.

Had it succeeded, we would have all been applauding madly, I know that. It didn't succeed, tragically. I find it difficult to see from what I knew of the situation then how it could have succeeded in the sense of getting us all out securely and without injury. That does not necessarily mean a judgment on my part that it should have been done or shouldn't have been done. I just think it would have been extremely difficult.

As far as the three of us were concerned in the Ministry, yes, that was a complication that added to the complexity. And in some ways we were more difficult to reach than the others, because of the regular army guards in the gardens of the Ministry, the distant

walls around that Ministry, and then the guards that were with us in the adjacent room.

But I think it could have been done conceivably. I must say the staff the next morning, when we learned of it and when the kitchen staff and our guard force learned of it, there were many days when they did not talk with us and looked with great aspersions on us—as if to tell us without saying so that, my God, we would have been killed, too. They were not very happy about that possibility.

I would like my colleagues to speak to this.

Colonel SCOTT. I have not been briefed by the Army on the assault plan, and that was really the critical plan, as to whether or not the operation would have been successful, and where we can sort of discuss it, where I can discuss it with the Army from my vantage point, which was inside the Embassy compound. But I am always reminded when I think of an operation like that, they are never easy, they are always most difficult, and I know the people who were involved in planning the operation, I know the people who approved it. And I will state categorically that I was willing to trust my life to their judgment in that case. I don't think it would have been tried if they did not feel that it had a high assurance of success.

Mr. BINGHAM. Do you wish to comment?

Mr. LIMBERT. Yes; as we gradually learned about it, when it happened, those of us who were in the compound didn't know about it. We were dispersed the next day around the country. And over the next few months, as people gradually learned about it, I think for many of us it was a great help to our morale. It was one of those things that really—speaking for myself—it was a great help in coping, when we knew we had not been forgotten, and we knew that the U.S. people and Government were behind us to the extent that they were going to try to get us out, and that people were willing to fight and die to set us free.

I really cannot exaggerate the extent of the help this was to all of us.

Colonel SCOTT. The other thing is that the Iranians were afraid after that, even more than their normal paranoia and xenophobia, they were very much afraid that the United States would launch another operation. That at first, for a period of about 1 month, resulted in additional security measures and more stringent requirements against us, but later, I think, developed into a healthy respect for America and a respect of the people who were there as hostages.

They realized that the whole complexion of the hostage crisis had changed when the blood of Americans was spilled at Tabriz. And they realized that they had a tiger by the tail, if you will.

Mr. BINGHAM. Thank you, gentlemen.

Chairman ZABLOCKI. Mr. Winn.

Mr. WINN. Thank you, Mr. Chairman.

EMBASSY SECURITY

All of us have seen the TV show "Mission Impossible," where they were always talking about self-destruct. Do you think that in the future in our Embassies, in our missions around the world, that we ought to have some type of a system where a Bruce Laingen

can push a button and self-destruct all of our papers and our tapes before anything else can happen to them?

Mr. LAINGEN. Sir, I would be in favor of that if it is feasible technologically and I suspect it is. Our capacity for destruction in that Embassy, as I said, was inadequate, I think, in retrospect. The equipment was ill-placed. Our files were misplaced to some degree, as things developed that morning, and the process began too late. But the quicker it can be done, with less materials to destroy, by all means.

Mr. WINN. Do we have a plan?

Mr. LAINGEN. Well, I can't speak to that, Mr. Winn. I know that my colleagues who are concerned with this kind of thing are thinking about it. I think we are in the process of instituting some of those improved procedures in a number of high threat posts. But I cannot speak specifically to it.

ACCESS OF HOSTAGES TO INFORMATION

Mr. WINN. In any way, in your conversations with your captors, were you aware of the Iranian actions or the lack of Iranian actions at the United Nations Security Council, that they did not show up when they demanded to be heard? Were you aware of that anywhere near the time when that event happened or didn't happen?

Mr. LAINGEN. The three of us in the Foreign Ministry were, yes; I don't know about my colleagues.

Colonel SCOTT. No, sir;

Mr. LIMBERT. No, sir;

Mr. WINN. Were you aware of the action of the International Court of Law, where they said they wanted to give their side of the story and didn't show?

Mr. LAINGEN. I was. I think my colleagues found out about it later perhaps.

Mr. WINN. You were not aware of it at the time?

Mr. LAINGEN. I was.

Mr. WINN. You were?

Mr. LAINGEN. Well, not all of it, but I was aware that that process was underway. The three of us, on the whole, were reasonably well informed, but it was in a bits and pieces kind of situation.

U.S. INTELLIGENCE ASSESSMENTS

Mr. WINN. Was there anything from our intelligence-collecting agency or from any of our governmental agencies that would lead you to believe that something like this was going to happen or could happen to you?

Mr. LAINGEN. We all, I think, were aware that we faced—particularly in the aftermath of the admission of the Shah—the possibility of demonstrations, actions against us. I am not aware myself of any specific piece of intelligence that suggested anything like what was going to occur on November 4. Nor can I recall that any of us contemplated the possibility of a total seizure, hostage taking, for that length of time. The possibility of hostage taking was in our minds; yes.

Mr. WINN. You have access in your capacity, don't you, to all intelligence cables?

Mr. LAINGEN. Yes, sir.

Mr. WINN. Was there anything that you sent out of your office to the United States, back home, to lead our people to think that there might be something happening, or any lack of information that concerns you prior to your seizure?

Mr. LAINGEN. I don't recall whether you were here, Mr. Winn, when I spoke earlier to that question. I did describe the kind of reporting that we made to the Department about the possibility of the Shah being admitted, and what might happen then.

We spoke in that reporting of the possibility, the high possibility of demonstrations against us should he be admitted, and the unlikelihood that admission on medical grounds would moderate that substantially. To some degree perhaps.

Mr. WINN. I am not talking about the Shah. I am talking about other than the Shah. Anything from your intelligence reports that would lead you to believe other than the revolution, that there was anti-American feeling or that you were in danger in any way?

Mr. LAINGEN. Anti-American sentiment, as John mentioned, was quite rampant in the press, although in the 2 weeks after the Shah came in, surprisingly at least for the first 10 days, the press was moderate on that subject, to the point where we at one point concluded that at least as far as the press was concerned, perhaps the worst was behind us. That was one of the most inadequate cables that I can recall sending in the Foreign Service in retrospect. But I signed the thing at the time.

I don't recall any specific pieces of intelligence that suggested anything approaching this kind of thing. Demonstrations? We were hearing about those all the while, as John said, focused particularly on educational matters and that was a period, November 4 was the anniversary, of a particularly difficult revolutionary event—circumstantial revolutionary event at the University of Tehran. We were aware of that.

This is not to suggest that our intelligence was adequate. It wasn't, obviously. If we had had better intelligence perhaps we would have heard of this, perhaps we would have learned of it from some source. I don't know. I can only speculate on that at this point.

Mr. WINN. Possibly because we seem to have exposed most of our intelligence sources around the world and we have taken a meat axe approach to the CIA and the FBI in the last 8 to 10 years. If we hadn't done that, possibly our intelligence sources might have done a better job.

Mr. LAINGEN. I would concur in that generally, Mr. Winn, subject to the reservation that their use, their application, their presence in any given country obviously depends on the circumstance you are dealing with. And it was a very sensitive time in Tehran.

Mr. WINN. Thank you very much, Mr. Chairman.

Chairman ZABLOCKI. Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

Gentlemen, I again want to welcome you to our committee. It was a pleasure being able to welcome you when you first landed in my congressional district. I can't express how proud our district

was to greet the returning Americans as they first set foot on American soil once again. Again, we want to commend you for the manner in which you conducted yourselves throughout your incarceration.

Mr. LAINGEN. The constituents in your district are among our most beautiful people.

Mr. GILMAN. Thank you. And I certainly will convey those thoughts to them, Mr. Laingen.

CONGRESSIONAL LETTER TO IRANIAN MAJLIS

Were you aware, Mr. Laingen, of our congressional initiative back in August 1980, where some 187 of our colleagues joined in an appeal to the Majlis to bring up this issue on the floor of the Iranian Parliament? This included a suggestion for them to establish a commission to meet with our congressional committee in order to try to expedite the final resolution of this issue?

Mr. LAINGEN. Yes; I was generally aware of it, the three of us in the Foreign Ministry. We didn't know all of the details. We didn't have the texts. We eventually saw them. But we were generally aware of your initiatives; yes. I don't think my colleagues were.

Colonel SCOTT. I did know about it. I was told by one of the terrorists. As time wore on, they more often gave us information, and that sort of information we were presented about 1 month after the initiative was made.

COMMUNICATION WITH U.S. GOVERNMENT OFFICIALS

Mr. GILMAN. Were you in contact at any time with any of our Government representatives while you were in the Foreign Ministry?

Mr. LAINGEN. Back here?

Mr. GILMAN. Yes.

Mr. LAINGEN. Our Government representatives; yes. It varied from time to time. At the beginning, the first few days, we had 24 hour telephone contact with Washington. That ended in the course of the first week. Thereafter, our telephone contact with Washington depended on circumstances. It depended on the suspicion of the student militants, the terrorists. For example, when they heard we had been in touch with Washington by phone, they would clamp down. The phones would be cut off again. Sometimes it ended for a period of up to 7 weeks, 2 months.

At the beginning we had access to the Ministry telex and could send unclassified communications to Washington. That ceased with the Canadian caper. We were able until November to have contact occasionally with our family by telephone. That ended with a radio station in Washington calling me and getting me on the public record. Is there any one here from Washington State? I spoke on the record and the student militants saw that, and that ended that. The telephone ceased then.

We had contact occasionally with resident Ambassadors over the first several months. Maybe one very 2 weeks or so. That ended after the Canadian caper, and was resumed with the break in relations, with the Swiss taking over the role of protecting power for us. For that I give all credit to them—and to the Government of

Iran, for that matter. The Swiss were allowed in to see the three of us almost every week, sometimes it was every 2 weeks, but it was periodic.

In the context of all of these, Mr. Gilman, I think I can assure you without specifying what they were that resourceful Foreign Service Officers found ways to communicate with Washington and to express their opinions and to put forward ideas.

Mr. GILMAN. Were you able to arrange or to conduct any communications with the other members of the Embassy who were held elsewhere?

Mr. LAINGEN. No, sir, none whatsoever.

Mr. GILMAN. Until such time as you were taken to a prison I assume, that you were separated from them?

Mr. LAINGEN. We did not see them when we were in prison itself. At that time, I believe most of them were concentrated in the so-called Foreign Ministry Club. We were in prison for the last few weeks purely as punishment, I think, perhaps because we had been treated so well at the Ministry.

EMBASSY SECURITY

Mr. GILMAN. Following the first takeover of the Embassy, did you make some recommendations for improved security, a draw-down of personnel, or for any document destruction methods?

Mr. LAINGEN. When?

Mr. GILMAN. Following the February 1978 takeover of the Embassy?

Mr. LAINGEN. I did not arrive until June. The bulk of the recommendations made and efforts taken to improve security were the product of studies that took place before I got there. And a good deal was done—within the limitations of that sprawling compound—to improve security at the Chancery, the residence, and elsewhere on the compound.

Mr. GILMAN. Had security personnel been beefed up before February 1978 until the mob coming over the walls?

Mr. LAINGEN. We had two resident security officers. We had—I cannot confirm at this point whether we had two before or not. But in any event, we had two. We gave increasing attention to the number of marines. We were actively working on a weakness with respect to marines that troubled us a great deal, and that was the fact that their residence was immediately outside the walls of the compound, tragically, because that saw some of them taken hostage immediately on November 4.

A good deal was done in the Chancery. Some of it wasn't finished by the time the Chancery was taken over. And in retrospect, there were some weaknesses, particularly the fact that they could cut through bars on some of the windows and make forced entry into that building.

Mr. GILMAN. I don't mean to cut you short, but our time is running. Have you made recommendations to the Department for improving security in general based upon your experiences in the Embassy?

Mr. LAINGEN. I have not written them that I can recall. I have been in discussion with people in our security office, yes, about our

experiences, and in general terms, what can be done. This isn't the end of that process, because we are in continuing discussion.

Mr. GILMAN. Do you have any recommendations for any legislative initiatives that could be helpful in confronting this type of government-controlled terrorism?

Mr. LAINGEN. Those initiatives usually boil down to money. I know how short that is. But I believe we are getting cooperation from the Congress in facilitating some of the improvements in Chancery security that need to be taken.

Mr. GILMAN. When you say money, is that personnel and equipment that you think is needed to improve this situation?

Mr. LAINGEN. More for equipment than it is for personnel, as I understand it.

Mr. GILMAN. Thank you. I believe my time is up. Thank you, gentlemen.

Thank you, Mr. Chairman.

Chairman ZABLOCKI. Mr. Erdahl, who has a special interest in being called at this time.

Mr. ERDAHL. Thank you very much, Mr. Chairman.

Mr. Ambassador, Colonel Scott, and Mr. Limbert, I want to add my greetings and welcome, and appreciation. I think that you and your colleagues—I talk about all the hostages—their perseverance, faith, loyalty, the hope that didn't turn into hopelessness, certainly that is an inspiration to us in the Congress and I think to all Americans, and you, I think in a very real way, have brought maybe some blessings to this thing in disguise, as we think about the honor and the integrity of our country. I think it has been held high through this whole experience, and you are to be commended for that.

Personally, I want to add a word of greeting, Mr. Chairman, because as you know, Mr. Laingen is a fellow Minnesotan and also to welcome Mrs. Laingen and friends, Colonel Scott's and Mr. Limbert's families here as well. I think their presence here is a very real evidence of the ongoing support that I am sure was so important from members of your families.

HOSTAGES' ATTITUDE TOWARD IRAN

Just a couple or three questions.

As we look—maybe I will direct the first one to Colonel Scott, because evidently Colonel Scott, you were maybe subjected to the most physical abuse at least earlier. Would you care to say what your feelings toward the Iranians, if there is a government there now, whatever might be the anarchy that probably is trying to survive?

Colonel SCOTT. I should state that I am what the Army calls an old Iran hand. I have studied Persian as assistant attaché. My son was born over there. We have many Iranian friends. I don't believe in polarizing against an entire ethnic group or a nation because of what a group of terrorists did, whether they were supported by the present Government of Iran or not. So I have no animosity, or no hate feeling toward Iranians in general.

Now, as I have said before, there are a few of those terrorists individually, and I can name them and describe them, that I don't want to meet walking down West Peachtree Street in Atlanta some

night when I am down there with some of the good old boys, because I am not sure I would be fully responsible for what I would do.

But other than that, they are individuals. As time wore on, many of the people in charge of the terrorist operation showed many signs of being human, and trying to take care of our needs—consistent with what Mr. Limbert said—that we still were incarcerated.

I made one or two friends among them. I found it a necessity, in order to get information. After I got back that about 95 percent of the information I was able to glean from one of those terrorists was accurate. So again, you cannot cut Americans off from communication. We will find a way to talk, and we will find a way to talk to our enemies even if it is in our best interests, to get information so that we can provide it to the other hostages.

Much of the high morale that we were able to maintain throughout the thing I think was because of the information we were able to get from one source or another.

I have mentioned several times the letters from children. The Iranians completely failed to recognize the impact of the letters that we received from young schoolchildren throughout the United States. The first one that I got from a third grader in Oklahoma, I realized just from knowing how schoolteachers are—my mother was a schoolteacher for 30 years—I knew what American children were being taught about the Iran hostage crisis. I knew that we had not been forgotten. And I was able to glean from that letter a lot of information that was instrumental in keeping my morale high.

Mr. ERDAHL. Thank you very much. I think that expression is one that I have sensed in reading and listening to the reports that came back from the hostages. I think it has been transposed to us as a Government and as the American people, that this is not a time for vengeance, we are not a vindictive people. It is a time for trying to move cautiously, I think, as Mr. Laingen has said, to reestablish a relationship with Iran.

PROSPECTS FOR STABILITY IN IRAN

That brings me to my next question which I will address to Mr. Laingen. What are the prospects, as you see it, from your vantage point of being there, not only during this 444 days, but before, and Mr. Limbert and Colonel Scott could respond as well—what are the prospects for some stability of the Government in Iran as we look down the road? The war with Iraq goes on, kind of a stalemate. Would you care to respond to that?

Mr. LAINGEN. Let me say first, I want to concur fully and endorse what Chuck Scott said about young people of this country. That was a beautiful experience for us at the time, those of us who received those letters. I know he would agree and John would agree that the way that the young people have embraced us and told us how happy they are for us, and for themselves in the aftermath, has been one of the most reassuring things that any of us know about the enduring impact of this crisis.

As far as stability in Iran is concerned, I don't see much prospect for it—and I would like John to speak to this, because of his role

there—for stability there in the short term. I think the prospect is for continuing instability, roughly at the present level. But in an atmosphere where there is growing appreciation, I think, on the part of a great many Iranians of the costs of the excesses of the revolution, including particularly the excess of seizing hostages.

There is also a growing anticlerical sentiment in Iran that can be of very considerable consequences, and is not all that new in the Iranian tradition. And I think in time, perhaps, these things will have some moderating impact on the political scene there. Certainly the short term is one of political instability and for that reason I think—for that reason and others—I think our posture as a government with continuing interest in that area should nonetheless be one of standing back, waiting, carefully watching, but not rushing in where angels fear to tread.

Mr. LIMBERT. I think the Iranian revolution is not over yet, and Iran is still in the throes of the revolution. We don't know where it is going to lead, and it is very difficult to predict.

One of the things that perhaps led to the Embassy's seizure was the fact that those who supported it, some of the more militant among the clergymen—

There were groups trying to end the revolution. For instance, the meeting between Skiban and Barzagan was violently attacked that very morning in the Iranian press. Out of the fear that perhaps the revolution had been betrayed was one of the factors that led to the seizure. So Iran is still revolutionary. It will be revolutionary for quite awhile.

If we are going to deal with Iran, we are going to have to deal with a country still in the throes of revolution.

Mr. ERDAHL. Obviously from your statement, Mr. Limbert, you endorse what Mr. Laingen has said, that this is a time for caution and maybe looking at the scene, not rushing into it as part of American policy?

Mr. LIMBERT. Very much so. I would think the best attitude would be to take the attitude of a bride at a Persian wedding who has to be asked three times before she says yes. And the first time we are asked to go back, or the second time, perhaps we should stand off a little bit and be perhaps a little cautious.

Mr. LAINGEN. Mr. Erdahl, despite the many uncertain things about the Iranian scene, including the tragic Iran-Iraq war, which is another product of the hostage taking, in my opinion, I think there is reason to be, not confident, perhaps, but not to be totally frightened at the future of the place in terms of its inherent integrity.

Iran has held together through a great deal of stress and strain for a long time, and although there are so many fissiparous tendencies, there are a lot of others that tend to hold that place together. In the context of the war with Iraq, one of the strong ones is their distaste over Iraqis. Chuck, you have been in Iran.

Mr. ERDAHL. Thank you very much.

Thank you, Mr. Chairman.

Chairman ZABLOCKI. Mr. Fascell.

Mr. FASCELL. Thank you, Mr. Chairman.

Gentlemen, let me add my welcome and commendation to all of you, and to your colleagues.

IMAGE OF THE FOREIGN SERVICE

Your experiences have done something for the American people which is extremely useful and necessary. You may have done more to dispel the erroneous myth that has hung around our missions overseas for so long, that usually pictures striped pants, martini drinkers, who live in ivory towers and don't know what is going on in the world, to a full recognition that we do have intelligent, courageous, dedicated people who are serving our country all over the world. And let's hope that feeling and that understanding continues, because for too long our missions overseas, and particularly the State Department, I think have been gravely misunderstood by too many people.

I might add some of that existed in the Congress. It doesn't anymore.

So out of the tragic experience which all of you have had, you have in another way served an extremely vital purpose to the entire country. For that we are all grateful.

EMBASSY SECURITY

As you know, the International Operations Subcommittee will continue its oversight hearings on the whole question of security. The Congress is in the process of making what amounts to a public record, official public record of this whole event.

Other subcommittees will go into the policy issues that existed and what should be done in the future. We will continue with the oversight on security of facilities and personnel.

I want to let my colleagues know that they have supported a program of enhanced security and modernization for our facilities with money. We are in the second year of that program.

I would hope that we could proceed expeditiously, that the shortage of money will not deter us from completing the plan as rapidly as possible—with the recognition that it is an ever-changing process.

I am not so sure, for example, that we can give priority only to high-threat possibilities. It would seem to me in recent years the whole nature of international diplomacy has changed for a lot of reasons and that we are going to have ever-changing problems with respect to security.

The use of technical advances will be useful, but they will have to change, obviously, as time and technology advance. So we may never get through with the issue.

But, for the present, I want to say on the record that the Department has been responsive and so has the Congress to the issue. We don't have the ultimate answer, and we may not ever spend enough money to solve it all. But we are getting there.

COMPLETE RECORD OF THE SEIZURE OF THE EMBASSY

As part of the record, we have suggested—recommended to the Secretary of State that an internal historical, complete record be made of this whole incident. I am wondering whether that process has actually started within the Department. Do you know?

Mr. LAINGEN. I do not know. I think I have a colleague sitting in the back of the room, Mr. Ackerman, who may know. But he is not sitting where I am.

Mr. FASCELL. Well, we will pursue that recommendation which has gone forward from the subcommittee to the Secretary.

I wonder if you would agree that it would be necessary to have such complete record in the Department for historical purposes as well as operational purposes.

Mr. LAINGEN. Yes, sir. Very much so.

Mr. FASCELL. And whether it would be useful to transmit in some way to all of the people who have Foreign Service responsibilities, in State and outside of State, the experiences of all the hostages.

Mr. LAINGEN. I couldn't agree more, Mr. Fascell. You know, we are unique, the 72 of us, in a way. It ought—we ought to be exploited. I, and I think others of my colleagues may have already spoken to the junior officer Foreign Service class that is now in training to share with them my impressions and my concerns for the future. I think we should be used by the Foreign Service Institute as much as possible wherever we are in that training, in midcareer training, in the departmental seminar on terrorism, and if we fail to do that, we are making a grievous mistake indeed.

Mr. Fascell, may I thank you for what you said about us. I know you were speaking about the Foreign Service in its larger sense, including the military services. But I want to thank you and take this occasion to thank you for your work in connection with the new Foreign Service Act, all the Members of the Congress but particularly your committee, and also as you say with the work of combating terrorism that is already under way. I know of that and we are deeply appreciative.

Mr. FASCELL. Well, we will be—our subcommittee will be in touch. We have already been in contact with both administrative and security people. We will pursue that in depth as we proceed with our subcommittee hearings on the budget for the Foreign Service.

THREE HOSTAGES IN THE FOREIGN MINISTRY

Now let me ask you a question about the Foreign Ministry part of this. Why were you separated?

Mr. LAINGEN. The three of us? Well, at the outset by circumstances. We were in the ministry for a meeting that morning, had completed it, were en route back, realized we could not get back without danger, that in any event I needed to go to the foreign ministry to seek help, and we went back there, and there remained.

At the end of the first day approaching midnight the Foreign Minister Mr. Yazdi said to me, "Where are you going?" I said, "Mr. Minister, where do you think I should go; it is your responsibility, not mine. It is your responsibility as Foreign Minister and your Government to provide me the security and my colleagues the security we need, and you cannot shed it." It was the suggestion, very strongly made to us, that we go to a foreign embassy, and I said to him. "Well, I don't want to go to a foreign embassy, because I can be useful here; I am in touch with Washington; I have a phone link with them; and, in any event, your responsibility

doesn't cease if I go there, but the onus may get very heavy for them if I go to another embassy."

And, in hindsight, that became very clear when the British Embassy, for example, was overrun in the course of that first week.

We remained in the foreign ministry thereafter for a variety of reasons, but essentially because we could not leave with any security, with any assurance of getting out.

Of course, we didn't have a passport, we didn't have money, and we didn't have some of those essentials for travel nowadays. But basically we had no way to get the Government to assure our travel to the airport and out.

We remained also because from the beginning, when we were a link with Washington, we always hoped to day 444 that we would be useful in some way. And we were useful, we think, in some limited way. We don't take any credit for that. But perhaps we were useful in some ways that we don't appreciate.

Then, of course, there was the consideration of escape, when it was clear we could not get out with Government support. Sure, we gave some thought to escape. But that had to be in the context of the physical possibility of getting out of that building, the implications for our colleagues in the compound if we did it, and the captain-of-the-ship syndrome; none of us wanted to run out on our colleagues until they could run out with us, which we happily did on January 20.

Mr. FASCELL. Thank you.

Chairman ZABLOCKI. Mr. Lagomarsino.

Mr. LAGOMARSINO. Thank you, Mr. Chairman.

THE COUNTRY'S WELCOME OF THE HOSTAGES

Someone mentioned earlier the resentment of some of the Vietnam war veterans. I think, though, that looking at the entire thing, far from dishonoring Vietnam war veterans, or downgrading them or casting them in a less favorable light that what has happened with you and your colleagues has really upgraded them because it has caused us to rethink that experience in many ways and not only as to our experience and our international standing and so on, as to the individuals involved.

I would suggest also that the comparison is somewhat inaccurate in any event, because the people who were the closest to your circumstances, the POW's, were received very warmly when they came back; they did receive a great deal of the attention that they deserved.

Due to the nature of that war, people were coming and going all the time. There wasn't one homecoming celebration like there was after World War II. So I think it is somewhat inaccurate to describe it at all, unless you go into it in more depth than has been done. So I think we are thinking more about that.

The President's awarding of a Congressional Medal of Honor at the Pentagon was a symbol perhaps, but at least a very meaningful one, showing that we have not forgotten. And I know this Congress will not.

So I want to thank you not only for what you have done in your own circumstance, but for what you have done for all the people who suffered through that experience as well.

Mr. LAINGEN. Thank you very much.

OTHER EMBASSIES SEIZED

Mr. LAGOMARSINO. With regard to the taking of the embassy, were any other embassies taken or hassled at that same time?

Mr. LAINGEN. Not at the immediate time. There was a fear of course that affected a great many embassies at that point. The Israeli Embassy had been taken over in the context of the revolution in February and turned over to the PLO.

The only other embassy to be physically taken over that I can recall was the British, which was taken over physically and held for about 5 or 6 hours one night; some time thereafter, it closed because their conditions became impossible for them to function normally.

All of the embassies felt some apprehension. None felt closer to us, I think, than other diplomats in Tehran because many of them I am sure felt "There but for the grace of God go I." They knew, being diplomats from whatever country, how important the rules of international law and practice are. And I could name many individuals in that city from those embassies who went out of their way to help us, particularly, of course, the Swiss, Eric Lang and his colleagues who have represented us so well. But many others.

The Papal Nuncio, that magnificent man, who bent over backward in every way he could to be helpful to us in the ministry and in the compound.

They were all frustrated because they could not do more. But they all wanted to do more for us.

I remember also—and I just want to add this point—the fact that in that difficult day in the foreign ministry, when I sat at the Foreign Minister's desk all day long and into the night hours pleading for help, at one point the Secretary of the British Embassy in Tehran walked into the room with one of my colleagues, Mr. Tomseth. The Foreign Minister was rather irritated by this intrusion, particularly by someone from the British Embassy, and he said, "What are you doing here?" And he said, "I am here to help." That was David Redaway. He is a fine colleague.

Mr. LAGOMARSINO. I might just ask you this: Was there any hassling of the Soviet Embassy, do you know?

Mr. LAINGEN. Yes, there has been hassling of it in connection with the Afghanistan invasion. They have been stormed a couple of times. They got across the walls briefly on at least one occasion. But there the Government moved to restore the embassy to the control of the Soviets.

That reminds me of one friend—I won't name him—but he was an Iranian in Tehran who in that first week said, when it wasn't all that clear where the three of us were—not everyone in the city knew, and the mobs did not all know where we were—"Why don't we spread the rumor that the three of you are in the Russian Embassy and see what happens."

Mr. LAGOMARSINO. That is interesting. The Government did intervene.

Mr. LAINGEN. Oh, yes, indeed, despite their reservations, very strong ones, about Soviet actions in Afghanistan.

Mr. LAGOMARSINO. I guess we could all speculate what they might do there.

Mr. LAINGEN. Yes.

ANNOUNCEMENT OF U.S. POLICY TOWARD TERRORISM

Mr. LAGOMARSINO. Mr. Hamilton asked you about the question of announcing in advance that we would not negotiate. How about turning that around? Should we announce in advance that we will negotiate?

Mr. LAINGEN. No, I don't think so.

Mr. LAGOMARSINO. Or should we announce in advance—should we announce in advance that we will not use force to defend an embassy, not fire on crowds to defend an embassy?

Mr. LAINGEN. I think our policy in that respect is generally known. I would trust that demonstrators in many countries who have the idea of attacking embassies, our Embassy, know there are Marines in there, and some of those Marines might do something.

Mr. LAGOMARSINO. Unless we make it a policy and announce it categorically that we won't, in which case they might believe us.

Mr. LAINGEN. Let me say, when I have this opportunity, we can all debate up and down—rightly we should—our policy with respect to how we deal with terrorism, but I would like to say that I think the Iranian experience, the cost to Iran, stands as a real object lesson to any would-be terrorist—particularly for governments who might consider condoning terrorism in the future. Iran has suffered grievously from this affair. And they know it.

Anyone else want to comment?

Mr. LAGOMARSINO. Thank you. My time is up.

Chairman ZABLOCKI. Mr. Mica.

Mr. MICA. Thank you, Mr. Chairman.

PUBLIC ATTENTION TO THE HOSTAGES

I join with my colleagues in welcoming you here. I have refrained for 2 years telling my personal stories here, but I must tell you this: I was a freshman Member of Congress and came before this committee in awe and my first statement when appointed to the Foreign Affairs Committee, to my local press at home, because I had sought another committee assignment, was that I thought it would be very dull. Shortly after that we had a hearing here, our first hearing, and at the very table you are sitting at, I believe it was representatives of the CIA, or one of our intelligence agencies, gave us assurances that the Shah would not fall. And that started my career in Congress.

I might tell you that for 2 years, and I know you have seen the response of the American public, but time after time I flew home, prepared to make a speech on any number of subjects affecting the Congress, and just as I stepped to the microphone the moderator or the MC would say, "Please set that speech aside and tell us about the hostages, anything and everything, every bit of information."

So, as my colleague from Florida, Mr. Fascell, stated, you have done a great service to the Nation. You really brought us together. Some of the most unusual groups you will never ever realize were hanging on every shread of information about the hostages.

So I commend the way you handled yourself, and your colleagues.

I might say that I feel a very personal attachment because I was constantly called—and I might just add oftentimes in the middle of the night—from local newspapers asking for any information, because I was on the Foreign Affairs Committee.

Mr. LAINGEN. May I inject to say I am sure you mean that for our families as well, who were more hostage than us in many respects. We have a great deal of pride in the role that they played in this.

Mr. MICA. Certainly. And, of course, the attention of the Nation was focused on them also.

POLITICAL IMPACT IN IRAN OF HOLDING THE HOSTAGES

But one of the points I would like to pursue just for a moment: We talked about what the Iranians have lost and the price that they paid. Secretary Muskie said during this time of the hostages they put their political institutions in place. Could they have done this without a rallying point such as the hostages?

Did they make some subtle gains that maybe we are going to have to look at to prevent such future occurrences?

Was the Ayatollah held in power or did he have a focal point to retain power that he might not have had? Was this a factor?

Mr. LAINGEN. I would like John Limbert to speak to that, who was dealing with this issue in the months preceding it. I think there is no question in my mind but that we were a useful gage for them to use to strengthen their political power.

At the same time, I think it was very clear in the months preceding our takeover that they were already well on their way to solidifying their power, particularly as we watched the work of the special commission that was dealing with the new constitution.

Mr. LIMBERT. Mr. Mica, I think we mentioned earlier, talked earlier about the impression we had on confusion of purpose among the students. But from a more detached viewer, we can say perhaps they had three purposes, one of which was the return of the Shah. But another was to frustrate or undermine the possibility of any reestablishment of normal relations with the United States, on any basis whatsoever, whether purely military or economic. The third was to discredit the domestic enemies of these more militant clerics, such people as the Bazargans, the Yazdis, and others.

Now, two of these aims, two of these three aims they have achieved. They did not get the Shah. The Shah was dead. And I think when they achieved them—there were other factors—but having achieved these perhaps was one of the things that allowed the negotiating process to go forward with the assurance that the students, or militants, or terrorists, whatever you want to call them, would listen to those who were representing the Government or the authorities.

Mr. LAINGEN. I agree with that.

Mr. MICA. I thank you. I have no further questions.

Again, I truly appreciate your being with us.

Chairman ZABLOCKI. Mr. Pritchard.

Mr. PRITCHARD. Thank you, Mr. Chairman.

U.S. CONTACT WITH IRANIAN OPPOSITION GROUPS

Mr. Laingen, I would just ask you one question, because the hearing has been going on a long time here, and others want to speak before lunch, I am sure. It is my understanding that one of the arrangements we had with the Shah was that we agreed that our agents and State Department officers would have no contact with his opposition in Iran. I understand that the Shah insisted on that.

Now, am I right?

Mr. LAINGEN. I was not there at the time. I don't know the specifics of the arrangements. I think that is overstating it, myself—that it was that total or that categorical.

Having said that, I think I would have to concur that there were inhibitions that affected us in our contacts with the opposition there from time to time, depending on the circumstances, that certainly now with the benefit of hindsight were regrettable.

Mr. PRITCHARD. Well, then—one of the people talking to me about that said—and this was before the Shah fell—that the Shah had such an effective internal security organization that it was very hard to fudge very much on the arrangement. And so our contacts with opposition groups in Iran was very limited.

Mr. LAINGEN. I don't know that I would use the term "very limited," sir.

Mr. PRITCHARD. Just limited, then.

Mr. LAINGEN. I think more limited than might have been desirable. But I don't think by any means that we were that bereft of information.

Mr. PRITCHARD. Well, I guess the question I have is: What lessons have we learned from our Iranian experience? Should we not insist upon policies which include contacts with opposition leaders, regardless of the degree of intimacy of our relations with a particular government? How else can we obtain a balanced view of conditions in a given country?

Mr. LAINGEN. I couldn't agree more. Our policy ought to be the maximum contact with every possible source. Obviously when you get into a specific situation there are circumstances that are going to affect that. But we know the costs of curbing information. We have experienced that not simply in Iran. Yes, we have learned from that lesson. And let's make sure our policy is to the maximum degree possible a maximum degree of contact.

Mr. PRITCHARD. My final question then: The failure of the Shah to act in his usual crisp manner was somewhat surprising to our Iranian experts. I doubt that anyone should have been expected to anticipate the Shah's hesitancy. Would you agree?

Mr. LAINGEN. I agree. I think that's correct. And that was, among other reasons, because of his medical situation. At the time that affected him, apparently, now in hindsight, much more than anyone appreciated at the time—more than he himself did perhaps.

Let me just say one more thing with respect to contacts. Having said what I said and what you said, I think we can all agree that that might not make any difference in the final analysis.

Mr. PRITCHARD. Of course not.

Mr. LAINGEN. Because there are limitations on what we can do in any given country.

Mr. PRITCHARD. I think it is impossible to have an information system that can always predict human nature and the reaction of people in any country. This is particularly true in Iran, where the people, their culture and their historical experience differ so greatly from the United States.

I am not as critical as some who say, well, if the CIA had been doing their job we would have known what was going to happen. I doubt if, a week before the seizure of the Embassy or during the revolution, there were many Iranian leaders who could accurately predict what was going to happen.

Mr. LAINGEN. You are exactly right.

Mr. PRITCHARD. I do appreciate, like all Americans, not only how you conducted yourself while you were in Iran but how you have conducted yourself since then. And I thank all of you.

Mr. LAINGEN. Thank you, sir.

Chairman ZABLOCKI. Mrs. Fenwick.

Mrs. FENWICK. Thank you, Mr. Chairman.

COMMENDATION FOR THE HOSTAGES AND THEIR FAMILIES

I, too, would like to say you have made us all proud by the way you withstood your ordeal, and your families, too. Their response to the difficult situation, their dignity, and their patriotism were really a lesson for those under stress. And in that I think we have all reaped a tremendous advantage.

And I hope that Mr. Scott's words will be widely publicized. Sometimes we are sorry to find that the kindly and constructive things that people say are not so widely publicized.

What you said this morning Mr. Scott, about the Iranian people is another lesson and, for the future, perhaps one of the most important that we have heard here. I am convinced that only that spirit, in the long run, is going to be of benefit to our Nation.

I hope that the media will repeat what you said and publicize it, and that your voice can be heard saying it, as convincingly as you did.

I have some questions, and I must be brief.

USE BY THE CAPTORS OF U.S. EMBASSY DOCUMENTS

It always worried me when those documents in the Embassy were not entirely destroyed. Do you know of any Iranians who might have been friends of ours who might have gotten into trouble through that?

Mr. LAINGEN. Yes, I do.

Mrs. FENWICK. Are they among the people taken out of their beds at 1 o'clock and executed at 3?

Mr. LAINGEN. I don't know. I don't know any of that kind—any documents relating to our Embassy that were directly related to that kind of—

Mrs. FENWICK. But they did have trouble?

Mr. LAINGEN. Yes, indeed. No question but that Iranian individuals were hurt by documents that are otherwise not harmful. Some

of these documents were unclassified reports of conversations we had at lunch with them, where they described their families.

TUDEH PARTY

Mrs. FENWICK. Yes; I understand. How strong is the Tudeh Party? What does it draw on—intellectuals, students?

Mr. LAINGEN. John Limbert can speak to that, I think. It has benefited to some degree by this—by the fact that they have allied themselves with Khomeini and the fundamentalists in the period since the takeover.

Mr. LIMBERT. I am sorry. It is very difficult for me to speak of the period since the takeover since we were out of touch, but the party is not large in numbers. It is small.

On the other hand, it has the advantage of discipline and organization, which some of the other groups do not.

Mr. LAINGEN. But it suffers from its Soviet connections very substantially.

NATURE OF THE CAPTORS

Mrs. FENWICK. I see. Were any outsiders among what we might call the perpetrators? Were they all students or militants? What kind of people did the perpetrators seem to you to be?

Colonel SCOTT. Mr. Limbert might want to address this, too. I think most of them were Iranians. I think during the first were Iranian student militant terrorists. I think there may have also been some outside influence, especially during the first few days. The interrogation procedures that they used were very sophisticated. They knew what they were doing.

It has been rumored that some of them were trained in the United States. That may have been—in interrogation procedures, those who had been in the military or worked for their intelligence organizations before.

Mrs. FENWICK. I see. Was there any PLO connection that you could distinguish?

Colonel SCOTT. I had one individual tell me he was a member of the PLO. Whether he was, I don't know.

Mrs. FENWICK. One of the perpetrators?

Colonel SCOTT. One of the interrogators during the first 3 or 4 days.

Mrs. FENWICK. He told you that, did he?

Mr. GILMAN. Will the gentlelady yield?

Mrs. FENWICK. Yes.

Mr. GILMAN. Were there any of the guards or militants who indicated they were PLO?

Colonel SCOTT. No, sir; just one of the interrogators.

Mr. GILMAN. Thank you.

Mr. LAINGEN. I don't think we have any substantial evidence as yet of any substantial PLO connection.

USE OF WEAPONS BY MARINE GUARDS

Mrs. FENWICK. The only thing that suggested it to me was the ease with which they were given the Embassy. I thought that was a remarkable development. We had conflicting evidence on what

the marines are supposed to do. In one case we were told the marines were not supposed to fire. In another hearing we were told that any marine can fire when one of the people he is guarding or another marine has been shot or hurt. Or they can fire at the order of the diplomat, the American diplomat official in charge of the Embassy or the facility. And that indeed firing over the heads of the crowd has been very useful in many attempts to take over the building. And they find that firing in the air, the people disappear, they climb back over the wall that they have just gotten over, and they just disappear.

Other times they are allowed to use tear gas or rubber bullets to protect the Embassy that they are supposed to protect.

But we did hear in this room, in the hearing, that they were not supposed to fire.

What is the policy?

Mr. LAINGEN. There should not be any confusion on that subject, although there obviously has been. And I suppose there is a potential for it under the circumstances. But the policy is, as I understand it, that marines fire, except in self-defense, in an extremity, only on orders of the chief of mission or the person to whom he has delegated that authority.

The same applies to tear gas, but to a more limited degree.

Mrs. FENWICK. Well, what do you say of defense, if they are climbing the fences? Do you fire over their heads, or are they not allowed to?

Mr. LAINGEN. I would think that they would interpret their instructions to be one of not firing over their heads until ordered to do so.

Mrs. FENWICK. But suppose they are just not ordered to do so? Then you might just as well not have any marines.

Mr. LAINGEN. If there is no one around to convey orders, yes, they would take action as they presumably saw fit. But I think they would be very reluctant to do that, except where it is clearly necessary, in their opinion.

But usually there is, if not the chief of mission, the security officer, or the other security officer in our case there in Tehran, who was with me and therefore not immediately available, or someone else delegated.

Mrs. FENWICK. How about tear gas; can't they use tear gas when people are climbing over the wall?

Mr. LAINGEN. They can. And in this case they were authorized to use tear gas as necessary.

Mrs. FENWICK. Did they do it?

Mr. LAINGEN. As I indicated earlier, we did not make adequate use of tear gas in my opinion.

Mrs. FENWICK. Did you make any use of it?

Mr. LAINGEN. I am not aware that more than one tear gas cannister was used in the chancery. Another I believe was used in the consulate general building, the visa-issuing office. It is not clear to me yet why exactly, absent from the scene as I was, and not having that degree of conversation with all my colleagues now scattered around the country, what the circumstances were that resulted in so little of it being used, particularly after the chancery was cleared in the first instance, and they came back in.

Mrs. FENWICK. It is very puzzling, because we have had one heroic marine killed in another country—you remember.

Mr. LAINGEN. I don't mean to cast aspersions in any way on those who were there carrying out this policy. But I think we can all agree in hindsight there must have been opportunity to use tear gas more effectively than it was.

Mrs. FENWICK. If a group of people seem to be assaulting the Embassy, or consulate, and climbing over the wall, you ought to be able to do something. It seems to me preposterous not to be able to.

Mr. LAINGEN. If the something you have in mind is the tear gas in this instance, not firearms, I agree.

Mrs. FENWICK. In other cases, as was testified by a marine officer in one of our committee hearings, in other places and times, they fired over the heads of the crowd and the crowd disappeared. They realized they were dealing with something real.

Mr. LAINGEN. Let me ask my colleagues to speak to this. They were in the chancery and I was not. They may have some comments.

Mr. LIMBERT. Well, I don't know, Mrs. Fenwick, how much tear gas was set off. There was tear gas. On the other hand, those who assaulted the Embassy it was obvious had a great deal of experience in dealing with tear gas. Remember, they had gone through the entire revolution, during the months of the revolution. For example, they knew to deal with tear gas you light a smoky fire, and this dissipates the gas. They knew this. The tear gas, or firing over the heads of the crowd, I think were seen basically, would be seen basically as delaying tactics to allow a rescue force by the host—formed by the host government to arrive.

I myself was on the telephone to the Prime Minister's office asking about the rescue force. And they told us, yes; it is on the way. Well, 444 days later we were still waiting for them. And they never did appear. And I don't think you could expect the marines, no matter how well trained and dedicated, to hold out that long, waiting for the rescue.

Mrs. FENWICK. I don't think so.

Mr. LAINGEN. He made the point that matters. They are a delaying force, a tripwire, if you will, to insure time to destroy documents and hopefully time to secure people long enough so that they will be safe until the rescue mission arrives.

Mrs. FENWICK. All I can say is that the military who testified before us said that when people started climbing over the fence in another country they simply fired in the air and that was the end of it.

Colonel SCOTT. I think the question there is whether or not the terrorists were armed. And although many early reports indicated the terrorists were not armed, it was apparent to those of us who were in the Embassy that many of them had Israeli-made and Iranian-made submachine guns under their field jackets. They were waiting for that kind of an opportunity. And I think had the Marines fired over their heads it would have given them carte blanche to come in with firearms.

Mr. LAINGEN. I couldn't agree more with that.

Mrs. FENWICK. But you had the bulletproof glass in every window, we were told, and boxes behind the windows to contain the bullets.

Mr. LAINGEN. Mrs. Fenwick—OK, let us say that we might have started firing. But to what end, and for how long—with the numbers of people out in those streets, with the numbers of guns we knew were loose on those streets.

Mrs. FENWICK. That is the way it looks now. But in other places and other times there were mobs climbing over the wall, too.

Mr. LAINGEN. I wouldn't have recommended it for Tehran.

Mrs. FENWICK. And firing in the air without hurting a single person was very effective.

Mr. LAINGEN. Firing in the air at the time and in hindsight would have been disastrous.

Colonel SCOTT. I agree.

Mr. LIMBERT. I agree.

Colonel SCOTT. I fully agree.

Mrs. FENWICK. Maybe we ought not to have had marines. If that is the judgment of the people in Tehran, then we shouldn't have left 70 people there. We should have had six.

Mr. LAINGEN. Then you would have had six hostages.

Mrs. FENWICK. Yes; instead of 74. Exactly. And that is still better. Because you are not putting so many at risk.

It doesn't seem sensible to me, if the expert testimony is that it was hopeless, that there was no way of defending that Embassy—

Mr. LAINGEN. We didn't make the judgment in advance it was hopeless. We wouldn't have been there, I don't think, if we had made that judgment. We hoped with the kind of security arrangements that we had made, which were inadequate in some respects, particularly as I said the access through windows in the back, and had we had—and we had some hope—in retrospect it was obviously ill-placed—that we would get help, as we did in February.

Mrs. FENWICK. My time has expired. But I am still confused, because you say until somebody has been hurt they cannot fire; right?

Mr. LAINGEN. No; until they are in danger of being hurt.

Mrs. FENWICK. So you don't think that people climbing over the fence to attack the Embassy suggests danger of being hurt?

Mr. LAINGEN. Not necessarily. At that point my colleagues were inside the chancery, or most of them were. But some of them were also held hostage by that time out in the compound. And that was another consideration that affected us.

Mrs. FENWICK. But that is the moment when they can fire, when people are in danger, you say.

Mr. LAINGEN. They can; yes. But at that point, I said also, there were some already held hostage who would have been in the immediate forefront of danger if we had started firing, because they were out there in the crowds in the hands of the terrorists who had come over the walls. Several of the marines were, as I recall.

Colonel SCOTT. That's right. It goes back to what I said earlier, that the thing was highly organized. When they attacked the main gate of the Embassy they also simultaneously hit the other gates

and the two major apartment buildings where Embassy staff personnel resided.

So within a very few minutes they were over there displaying their tied and blindfolded hostages they had already acquired, people who were off duty in the Marine quarters and other parts.

Mrs. FENWICK. And they displayed them to you in the Embassy?

Colonel SCOTT. Yes.

Mrs. FENWICK. I see. That does make a difference. I see. But if we could just get the policy clear, because it seems to have different implications depending on who is telling us. And——

Mr. LAINGEN. I guess we are all human, Mrs. Fenwick.

Colonel SCOTT. I think a major consideration and one that has not really been addressed, when you are looking at whether you fire or do not fire, you want to look at the size of the force.

We cannot talk about not having marines there, I don't believe. In the case of 1,000 people coming over the wall, that is a different act than 12 terrorists coming in a PLO-type operation and that sort of thing.

The actions that the military people—and I am not speaking for the Marine Corps, I am an Army officer—would differ under those circumstances. You have one set of rules or should have for how you would react to a small terrorist attack on an Embassy, not supported by the host government, and another set of rules for how you would react to a major invasion, if you will, of the Embassy by a large group of—a mob.

Mrs. FENWICK. I see. I think if every time these questions come they could be explained as simply and as clearly as that, it would help a great deal.

Thank you.

Chairman ZABLOCKI. Colonel Scott, I think you really touched on the critical difference. In the one case the scope of the attack was much smaller and as they were coming across the wall firing overhead was feasible. The firing overhead gave a substantial amount of time to the host government to bring in reinforcements to stop the attack on the Embassy.

IMPACT OF NONOFFICIAL VISITS BY AMERICANS

We certainly have taken much of your time. Could I just ask one final question? We discussed it earlier.

As has been demonstrated by the questions and the comments of my colleagues, we all had great prayerful concern for the hostages and for the welfare of their families, especially Miss Elizabeth Ann Swift, who served as a congressional fellow in the office of Congressman Fascell. Having had that personal contact, knowing somebody there, we had a deep concern for all of you.

Now to my question. We have had some concern as to the role, whether it was helpful or harmful, of Americans that went to Tehran after the takeover. How did their visits impact on the entire hostage ordeal from your point of view?

I would like to know your feelings about their impact on events. For example, the American press, or the American clergy who traveled to Iran for services. I recall some of the hostages saying that the American clergy, in some instances, were not exactly helpful. And, of course, other Americans went to Iran as individ-

uals—Attorney Ramsey Clark, our colleague Congressman Hansen, academicians.

Were these visits harmful, helpful, some helpful, some harmful?

Mr. LAINGEN. Do I have a range of words to pick—is that the idea?

Chairman ZABLOCKI. Scale from 1 to 10.

Mr. LAINGEN. With respect first to Ann Swift, let me just say that I warmly endorse what you have said about Ann, and understand your concerns. All of the women, those released in November and the two held, performed magnificently under those circumstances; none more so than Ann and Kate, who were held all those long days.

I think Chuck Scott knows directly the impressive role that Ann Swift played on the day of the takeover when she was manning one of the telephones. They were magnificent people, and they performed beautifully, and we are very proud of them.

On the visits of these colleagues, I am very hesitant to make judgments on the utility of their visits because I believe that all of them were concerned with our welfare, every one of them, in their own way.

Having said that, I don't necessarily agree with all of those visits. The three of us sitting in the foreign ministry frankly had reservations about the way in which they were being used, we thought, by the Iranians.

Some of that judgment, some of that temperament was moderated when I heard Richard Queen say publicly when he came home how glad he was to see the people that got in there, simply because it was an opportunity to talk to someone else, to see another American. And that in itself is enough for me, if he felt that way.

On balance, I don't think their visits helped or hindered in any significant way.

I think, myself, that you can have this discussion about the press as well—the impact of the press' focus on this issue. I think to some degree all of that is academic.

The Iranians were prepared to settle when they were ready to settle, and they got ready when it hurt, when it hurt economically in particular. And when that economic hurt was deepened and intensified so strongly, with political isolation as well by the Iran-Iraq war.

But I would welcome any comments from my colleagues.

Chairman ZABLOCKI. I regret my colleague has left—Mrs. Fenwick. Because if there was any help as far as Members of Congress going to Tehran in the past or in any incident that may occur in the future, we could all put on our green berets and march into the country, and I think we would overwhelm them.

ROLE OF CONGRESS

Mr. LAINGEN. Mr. Chairman, that gives me an opportunity to say again what I said in my statement. The understanding of the Congress on this issue—that patience, that restraint as seen from there in Tehran, and certainly seen from the executive branch—was a remarkable example of cooperation, I think, between the executive branch and the legislature.

Maybe if you had kicked up your heels and gotten angry with us, with the executive branch, or done something differently, something else might have happened. But I doubt it.

I think, as I said, the solution was found for other reasons. I just think your record, the record of the Congress in this issue is one of great dignity, and restraint, and understanding, and pressure where you felt it would work.

And I think these letters were useful—at that time especially, when they came, late in the summer.

Chairman ZABLOCKI. We all had a common goal. United in our efforts was the only way we could succeed. I think politics must be set aside in such instances. And Congress certainly acted responsibly.

I want to thank you for your comment.

Mr. Broomfield.

IMPACT OF U.S. NOVEMBER ELECTIONS

Mr. BROOMFIELD. I was just going to add, Mr. Chairman, I agree with what Mr. Laingen said, that the Iranians were playing it out as long as they could. But certainly once the elections were over here in November and the possibilities of reopening the entire negotiation process, maybe even a tougher operation, it had a minor effect, didn't it, on hurrying this along?

Mr. LAINGEN. A minor effect on what?

Mr. BROOMFIELD. Hurrying the release along.

Mr. LAINGEN. Yes, sir; couldn't agree more.

Mr. BROOMFIELD. And that is not politics.

Chairman ZABLOCKI. On behalf of all of my colleagues, Ambassador Laingen, Mr. Limbert, Colonel Scott, we thank you for coming before our committee. Again, we commend you for your brave efforts when you were held as hostages. You represented all of the hostages this morning very well. Thank you.

Mr. BROOMFIELD. Mr. Chairman, I think we ought to add the wives—they have not even been introduced.

Chairman ZABLOCKI. The reason, Mr. Ambassador, we were able to identify your wife, but we were not sure about Mr. Limbert's wife or Colonel Scott's.

Mr. LIMBERT. My wife is not here. My sisters are, however.

Colonel SCOTT. My wife is not here.

Chairman ZABLOCKI. Thank you very much.

Mr. LAINGEN. Thank you.

Chairman ZABLOCKI. The committee stands adjourned subject to the call of the Chair.

[Whereupon, at 12:25 p.m., the committee recessed subject to the call of the Chair.]

APPENDIX 1

DECLARATION OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

The Government of the Democratic and Popular Republic of Algeria, having been requested by the Governments of the Islamic Republic of Iran and the United States of America to serve as an intermediary in seeking a mutually acceptable resolution of the crisis in their relations arising out of the detention of the 52 United States nationals in Iran, has consulted extensively with the two governments as to the commitments which each is willing to make in order to resolve the crisis within the framework of the four points stated in the resolution of November 2, 1980, of the Islamic Consultative Assembly of Iran. On the basis of formal adherences received from Iran and the United States, the Government of Algeria now declares that the following interdependent commitments have been made by the two governments:

GENERAL PRINCIPLES

The undertakings reflected in this Declaration are based on the following general principles:

A. Within the framework of and pursuant to the provisions of the two Declarations of the Government of the Democratic and Popular Republic of Algeria, the United States will restore the financial position of Iran, in so far as possible, to that which existed prior to November 14, 1979. In this context, the United States commits itself to ensure the mobility and free transfer of all Iranian assets within its jurisdiction, as set forth in Paragraphs 4-9.

B. It is the purpose of both parties, within the framework of and pursuant to the provisions of the two Declarations of the Government of the Democratic and Popular Republic of Algeria, to terminate all litigation as between the Government of each party and the nationals of the other, and to bring about the settlement and termination of all such claims through binding arbitration. Through the procedures provided in the Declaration, relating to the Claims Settlement Agreement, the United States agrees to terminate all legal proceedings in United States courts involving claims of United States persons and institutions against Iran and its state enterprises, to nullify all attachments and judgments obtained therein, to prohibit all further litigation based on such claims, and to bring about the termination of such claims through binding arbitration.

Point I: Non-Intervention in Iranian Affairs

1. The United States pledges that it is and from now on will be the policy of the United States not to intervene, directly or indirectly, politically or militarily, in Iran's internal affairs.

Points II and III: Return of Iranian Assets and Settlement of U.S. Claims

2. Iran and the United States (hereinafter "the parties") will immediately select a mutually agreeable central bank (hereinafter "the Central Bank") to act, under the instructions of the Government of Algeria and the Central Bank of Algeria (hereinafter "The Algerian Central Bank") as depositary of the escrow and security funds hereinafter prescribed and will promptly enter into depositary arrangements with the Central Bank in accordance with the terms of this declaration. All funds placed in escrow with the Central Bank pursuant to this declaration shall be held in an account in the name of the Algerian Central Bank. Certain procedures for implementing the obligations set forth in this Declaration and in the Declaration of the Democratic and Popular Republic of Algeria concerning the settlement of claims by the Government of the United States and the Government of the Islamic Republic of Iran (hereinafter "the Claims Settlement Agreement") are separately set forth in certain Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration of the Democratic and Popular Republic of Algeria.

3. The depositary arrangements shall provide that, in the event that the Government of Algeria certifies to the Algerian Central Bank that the 52 U.S. nationals have safely departed from Iran, the Algerian Central Bank will thereupon instruct the Central Bank to transfer immediately all monies or other assets in escrow with the Central Bank pursuant to this declaration, provided that at any time prior to the making of such certification by the Government of Algeria, each of the two parties, Iran and the United States, shall have the right on seventy-two hours notice to terminate its commitments under this declaration.

If such notice is given by the United States and the foregoing certification is made by the Government of Algeria within the seventy-two hour period of notice, the Algerian Central Bank will thereupon instruct the Central Bank to transfer such monies and assets. If the seventy-two hour period of notice by the United States expires without such a certification having been made, or if the notice of termination is delivered by Iran, the Algerian Central Bank will thereupon instruct the Central Bank to return all such monies and assets to the United States, and thereafter the commitments reflected in this declaration shall be of no further force and effect.

ASSETS IN THE FEDERAL RESERVE BANK

4. Commencing upon completion of the requisite escrow arrangements with the Central Bank, the United States will bring about the transfer to the Central Bank of all gold bullion which is owned by Iran and which is in the custody of the Federal Reserve Bank of New York, together with all other Iranian assets (or the cash equivalent thereof) in the custody of the Federal Reserve Bank of New York, to be held by the Central Bank in escrow until such time as their transfer or return is required by Paragraph 3 above.

ASSETS IN FOREIGN BRANCHES OF U.S. BANKS

5. Commencing upon the completion of the requisite escrow arrangements with the Central Bank, the United States will bring about the transfer to the Central Bank, to the account of the Algerian Central Bank, of all Iranian deposits and securities which on or after November 14, 1979, stood upon the books of overseas banking offices of U.S. banks, together with interest thereon through December 31, 1980, to be held by the Central Bank, to the account of the Algerian Central Bank, in escrow until such time as their transfer or return is required in accordance with Paragraph 3 of this Declaration.

ASSETS IN U.S. BRANCHES OF U.S. BANKS

6. Commencing with the adherence by Iran and the United States to this declaration and the claims settlement agreement attached hereto, and following the conclusion of arrangements with the Central Bank for the establishment of the interest-bearing security account specified in that agreement and Paragraph 7 below, which arrangements will be concluded within 30 days from the date of this Declaration, the United States will act to bring about the transfer to the Central Bank, within six months from such date, of all Iranian deposits and securities in U.S. banking institutions in the United States, together with interest thereon, to be held by the Central Bank in escrow until such time as their transfer or return is required by Paragraph 3.

7. As funds are received by the Central Bank pursuant to Paragraph 6 above, the Algerian Central Bank shall direct the Central Bank to (1) transfer one-half of each such receipt to Iran and (2) place the other half in a special interest-bearing security account in the Central Bank, until the balance in the security account has reached the level of \$1 billion. After the \$1 billion balance has been achieved, the Algerian Central Bank shall direct all funds received pursuant to Paragraph 6 to be transferred to Iran. All funds in the security account are to be used for the sole purpose of securing the payment of, and paying, claims against Iran in accordance with the claims settlement agreement. Whenever the Central Bank shall thereafter notify Iran that the balance in the security account has fallen below \$500 million, Iran shall

promptly make new deposits sufficient to maintain a minimum balance of \$500 million in the account. The account shall be so maintained until the President of the Arbitral Tribunal established pursuant to the claims settlement agreement has certified to the Central Bank of Algeria that all arbitral awards against Iran have been satisfied in accordance with the claims settlement agreement, at which point any amount remaining in the security account shall be transferred to Iran.

OTHER ASSETS IN THE U.S. AND ABROAD

8. Commencing with the adherence of Iran and the United States to this declaration and the attached claims settlement agreement and the conclusion of arrangements for the establishment of the security account, which arrangements will be concluded within 30 days from the date of this Declaration, the United States will act to bring about the transfer to the Central Bank of all Iranian financial assets (meaning funds or securities) which are located in the United States and abroad, apart from those assets referred to in Paragraph 5 and 6 above, to be held by the Central Bank in escrow until their transfer or return is required by Paragraph 3 above.

9. Commencing with the adherence by Iran and the United States to this declaration and the attached claims settlement agreement and the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will arrange, subject to the provisions of U.S. law applicable prior to November 14, 1979, for the transfer to Iran of all Iranian properties which are located in the United States and abroad and which are not within the scope of the preceding paragraphs.

NULLIFICATION OF SANCTIONS AND CLAIMS

10. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will revoke all trade sanctions which were directed against Iran in the period November 4, 1979, to date.

11. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will promptly withdraw all claims now pending against Iran before the International Court of Justice and will thereafter bar and preclude the prosecution against Iran of any pending or future claim of the United States or a United States national arising out of events occurring before the date of this declaration - related to (A) the seizure of the 52 United States nationals on November 4, 1979, (B) their subsequent detention, (C) injury to United States property or property of the United States nationals within the United States Embassy compound in Tehran after November 3, 1979, and (D) injury to the United States nationals or their property as a result of popular movements in

the course of the Islamic Revolution in Iran which were not an act of the Government of Iran. The United States will also bar and preclude the prosecution against Iran in the courts of the United States of any pending or future claim asserted by persons other than the United States nationals arising out of the events specified in the preceding sentence.

Point IV: Return of the Assets of the Family of the Former Shah

12. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will freeze, and prohibit any transfer of, property and assets in the United States within the control of the estate of the former Shah or of any close relative of the former Shah served as a defendant in U.S. litigation brought by Iran to recover such property and assets as belonging to Iran. As to any such defendant, including the estate of the former Shah, the freeze order will remain in effect until such litigation is finally terminated. Violation of the freeze order shall be subject to the civil and criminal penalties prescribed by U.S. law.

13. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will order all persons within U.S. jurisdiction to report to the U.S. Treasury within 30 days, for transmission to Iran, all information known to them, as of November 3, 1979, and as of the date of the order, with respect to the property and assets referred to in Paragraph 12. Violation of the requirement will be subject to the civil and criminal penalties prescribed by U.S. law.

14. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will make known, to all appropriate U.S. courts, that in any litigation of the kind described in Paragraph 12 above the claims of Iran should not be considered legally barred either by sovereign immunity principles or by the act of state doctrine and that Iranian decrees and judgments relating to such assets should be enforced by such courts in accordance with United States law.

15. As to any judgment of a U.S. court which calls for the transfer of any property or assets to Iran, the United States hereby guarantees the enforcement of the final judgment to the extent that the property or assets exist within the United States.

16. If any dispute arises between the parties as to whether the United States has fulfilled any obligation imposed upon it by Paragraphs 12-15, inclusive, Iran may submit the dispute to binding arbitration by the tribunal established by,

and in accordance with the provisions of, the claims settlement agreement. If the tribunal determines that Iran has suffered a loss as a result of a failure by the United States to fulfill such obligation, it shall make an appropriate award in favor of Iran which may be enforced by Iran in the courts of any nation in accordance with its laws.

SETTLEMENT OF DISPUTES

17. If any other dispute arises between the parties as to the interpretation or performance of any provision of this declaration, either party may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provisions of, the claims settlement agreement. Any decision of the tribunal with respect to such dispute, including any award of damages to compensate for a loss resulting from a breach of this declaration or the claims settlement agreement, may be enforced by the prevailing party in the courts of any nation in accordance with its laws.

Initialed on January 19, 1981.

by

Warren M. Christopher
Deputy Secretary of State
of the Government of the United States

By virtue of the powers vested in him by his Government
as deposited with the Government of Algeria

APPENDIX 2

DECLARATION OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA CONCERNING THE SETTLEMENT OF CLAIMS BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN

The Government of the Democratic and Popular Republic of Algeria, on the basis of formal notice of adherence received from the Government of the Islamic Republic of Iran and the Government of the United States of America, now declares that Iran and the United States have agreed as follows:

ARTICLE I

Iran and the United States will promote the settlement of the claims described in Article II by the parties directly concerned. Any such claims not settled within six months from the date of entry into force of this agreement shall be submitted to binding third-party arbitration in accordance with the terms of this agreement. The aforementioned six months' period may be extended once by three months at the request of either party.

ARTICLE II

1. An International Arbitral Tribunal (the Iran-United States Claims Tribunal) is hereby established for the purpose of deciding claims of nationals of the United States against Iran and claims of nationals of Iran against the United States, and any counterclaim which arises out of the same contract, transaction or occurrence that constitutes the subject matter of that national's claim, if such claims and counterclaims are outstanding on the date of this agreement, whether or not filed with any court, and arise out of debts, contracts (including transactions which are the subject of letters of credit or bank guarantees), expropriations or other measures affecting property rights, excluding claims described in Paragraph 11 of the Declaration of the Government of Algeria of January 19, 1981, and claims arising out of the actions of the United States in response to the conduct described in such paragraph, and excluding claims arising under a binding contract between the parties specifically providing that any disputes thereunder shall be within the sole jurisdiction of the competent Iranian courts in response to the Majlis position.

2. The Tribunal shall also have jurisdiction over official claims of the United States and Iran against each other arising out of contractual arrangements between them for the purchase and sale of goods and services.

3. The Tribunal shall have jurisdiction, as specified in Paragraphs 16-17 of the Declaration of the Government of Algeria of January 19, 1981, over any dispute as to the interpretation or performance of any provision of that declaration.

ARTICLE III

1. The Tribunal shall consist of nine members or such larger multiple of three as Iran and the United States may agree are necessary to conduct its business expeditiously. Within ninety days after the entry into force of this agreement, each government shall appoint one-third of the members. Within thirty days after their appointment, the members so appointed shall by mutual agreement select the remaining third of the members and appoint one of the remaining third President of the Tribunal. Claims may be decided by the full Tribunal or by a panel of three members of the Tribunal as the President shall determine. Each such panel shall be composed by the President and shall consist of one member appointed by each of the three methods set forth above.

2. Members of the Tribunal shall be appointed and the Tribunal shall conduct its business in accordance with the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) except to the extent modified by the parties or by the Tribunal to ensure that this agreement can be carried out. The UNCITRAL rules for appointing members of three-member Tribunals shall apply mutatis mutandis to the appointment of the Tribunal.

3. Claims of nationals of the United States and Iran that are within the scope of this agreement shall be presented to the Tribunal either by claimants themselves, or, in the case of claims of less than \$250,000, by the Government of such national.

4. No claim may be filed with the Tribunal more than one year after the entry into force of this agreement or six months after the date the President is appointed, whichever is later. These deadlines do not apply to the procedures contemplated by Paragraphs 16 and 17 of the Declaration of the Government of Algeria of January 19, 1981.

ARTICLE IV

1. All decisions and awards of the Tribunal shall be final and binding.

2. The President of the Tribunal shall certify, as prescribed in Paragraph 7 of the Declaration of the Government of Algeria of January 19, 1981, when all arbitral awards under this agreement have been satisfied.

3. Any award which the Tribunal may render against either government shall be enforceable against such government in the courts of any nation in accordance with its laws.

ARTICLE V

The Tribunal shall decide all cases on the basis of respect for law, applying such choice of law rules and principles of commercial and international law as the Tribunal determines to be applicable, taking into account relevant usages of the trade, contract provisions and changed circumstances.

ARTICLE VI

1. The seat of the Tribunal shall be The Hague, The Netherlands, or any other place agreed by Iran and the United States.

2. Each government shall designate an agent at the seat of the Tribunal to represent it to the Tribunal and to receive notices or other communications directed to it or to its nationals, agencies, instrumentalities, or entities in connection with proceedings before the Tribunal.

3. The expenses of the Tribunal shall be borne equally by the two governments.

4. Any question concerning the interpretation or application of this agreement shall be decided by the Tribunal upon the request of either Iran or the United States.

ARTICLE VII

For the purposes of this agreement:

1. A "national" of Iran or of the United States, as the case may be, means (a) a natural person who is a citizen of Iran or the United States; and (b) a corporation or other legal entity which is organized under the laws of Iran or the United States or any of its states or territories, the District of Columbia or the Commonwealth of Puerto Rico, if, collectively, natural persons who are citizens of such country hold, directly or indirectly, an interest in such corporation or entity equivalent to fifty per cent or more of its capital stock.

2. "Claims of nationals" of Iran or the United States, as the case may be, means claims owned continuously, from the date on which the claim arose to the date on which this agreement enters into force, by nationals of that state, including claims that are owned indirectly by such nationals through ownership of capital stock or other proprietary interests in juridical persons, provided that the ownership interests of such nationals, collectively, were sufficient at the time the claim arose to control the corporation or other entity, and provided, further, that the corporation or other entity is not itself entitled to bring a claim under the terms of this agreement. Claims referred to the Arbitral Tribunal

shall, as of the date of filing of such claims with the Tribunal, be considered excluded from the jurisdiction of the courts of Iran, or of the United States, or of any other court.

3. "Iran" means the Government of Iran, any political subdivision of Iran, and any agency, instrumentality, or entity controlled by the Government of Iran or any political subdivision thereof.

4. The "United States" means the Government of the United States, any political subdivision of the United States, any agency, instrumentality or entity controlled by the Government of the United States or any political subdivision thereof.

ARTICLE VIII

This agreement shall enter into force when the Government of Algeria has received from both Iran and the United States a notification of adherence to the agreement.

Initialed on January 19, 1981

by

Warren M. Christopher
Deputy Secretary of State
of the Government of the United States

By virtue of the powers vested in him by his Government
as deposited with the Government of Algeria

APPENDIX 3

FOLLOW-UP QUESTIONS SUBMITTED FEBRUARY 25, 1981, BY MR. BINGHAM TO SECRETARY STOESEL REGARDING IMPLEMENTATION OF CLAIMS SETTLEMENT PROVISIONS OF THE UNITED STATES-IRANIAN AGREEMENTS, AND RESPONSES THERETO

Q: 1. What progress has been made in settling the disagreements that arose between Iran and U.S. banks during negotiation of the agreement concerning interest and principal amounts owing on loans to Iran? Is that problem resolved or close to resolution?

A: Discussions have commenced in London with an exchange of detailed information about the loans. The problem has not been resolved but the parties have agreed to extend the 30-day period for settlements prior to arbitration.

Q: 2. What reports have so far been received under the requirement of the agreement that all U.S. persons with information regarding assets of the late Shah and his family report that information to the U.S. Government?

A: None. The provisions had not yet been applied as of March 20. However, Iranian attorneys have recently presented documentation of uncontested service of process against Princess Ashraf.

Q: 3. I understand that there are \$700 million to \$1 billion in outstanding letters of credit that could be called in by Iran for no reasonable cause. What protection is provided against such action?

A: These letters of credit remain frozen so they cannot be called by Iran.

Q: 4. Excluded from submission to the International Arbitral Tribunal are claims arising from damage to U.S. nationals or to U.S. property as a result of popular movements. What is meant by "damage" -- physical damage, or also expropriation? What recourse do these claimants have? What about damage to the U.S. Embassy?

A: This provision does not apply to expropriation. It does apply to damage to the U.S. Embassy but not to the United States claim for return of the Embassy. No provision has been made for the benefit of these claimants.

Q: 5. If a claim is excluded from being submitted to the Tribunal, or if the Tribunal rejects jurisdiction over a claim, can it be submitted to the U.S. courts?

A: A claim which is not waived by the agreement but which is excluded from the jurisdiction of the Tribunal may be pursued in the United States courts.

Q: 6. How will adjudicated claims be paid from the escrow account -- on first come, first served basis, or not until judgments are issued on all claims?

A: No final decision has been made on this procedure.

Q: 7. What are the constitutional questions that are being raised in court suits regarding the agreements with Iran? How long will it take to resolve those suits and will they delay implementation of the agreements?

A: The principal constitutional questions being raised in the litigation in U.S. courts relate to the President's constitutional and statutory power to vacate attachments and to discharge claims through a process of arbitration. We expect these issues to be resolved before July 19.

Q: 8. The U.S. is responsible for paying one-half the expenses of the Arbitral Tribunal. From where will those funds come -- will they have to be specifically authorized by Congress?

A: The Department of State appropriations bill contains an authorization for payment of expenses of arbitration, but further Congressional action might be necessary if a supplemental appropriation is required. In addition, we are considering whether to request claimants to contribute to these expenses and, if so, whether any legislation would be required. A number of claimants have proposed that the salaries of arbitrators be funded by claimant contributions in order to be sure that we offer salaries high enough to attract the best available arbitrators.

Q: 9. The agreements with Iran bar from sending to the Arbitral Tribunal claims arising from any contract which provides that disputes arising from the contract is within the sole jurisdiction of the competent Iranian courts. What course of action is available to such claimants? Can they sue in U.S. courts, or do the agreements bar such action by them?

A: These claimants may challenge the validity of such clauses before the Arbitration Tribunal or they may continue their claims in U.S. courts.

Q: 10. The agreements with Iran bar from sending to the Arbitral Tribunal claims arising from a U.S. ownership interest in an Iranian corporation if that ownership does not entail control of the corporation. How is such a determination of control to be made, and what channel of redress is open to claimants with non-controlling interests in Iran corporations?

A: The agreements permit U.S. nationals to bring before the Tribunal all direct claims, and any indirect claims

arising out of interests in foreign corporations provided that U.S. interests, collectively, control such corporation at the time such claim arises. Claimants can bring the issue of control before the Tribunal. If they are excluded from the claims settlement by this provision of the agreement, they may pursue their claims in the U.S. courts.

Q: 11. In contrast to past U.S. claims settlement proceedings, the structure of the International Arbitral Tribunal would appear to have the U.S. sitting in judgment of its own (i.e. U.S.) claimants, rather than officially representing and supporting them. Is this the case? Is it anticipated that U.S. claimants will be assisted or represented, formally or informally, by U.S. officials in presenting their claims to the Tribunal? Will the U.S. delegates automatically and fully support all U.S. claims? If not, what will be their role and instructions as members of the Tribunal?

A: The U.S. Government is responsible for presentation to the Tribunal of Claims of U.S. nationals that are valued at less than \$250,000. The larger claims will be presented to the Tribunal by the claimants themselves. However, the latter will receive considerable support and counseling from U.S. authorities including, probably, appearances before the Tribunal amicus curiae. If necessary, the U.S. may bring a question of interpretation of the agreement with Iran before the Tribunal.

Q: 12. On page 4 of Secretary Stoessel's statement, reference is made to the "interest bearing account" established under the agreements for payment of awards to claimants. To whom does the interest that will accrue on this account belong?

A: The interest will belong to the fund which is established exclusively for the payment of claims of U.S. Nationals.

APPENDIX 4

FOLLOW-UP QUESTIONS SUBMITTED FEBRUARY 25, 1981, BY MR. WINN TO SECRETARY STOESEL REGARDING IMPLEMENTATION OF CLAIMS SETTLEMENT PROVISIONS OF THE UNITED STATES-IRANIAN AGREEMENTS, AND RESPONSES THERETO

Q: 1. Does the United States have hard evidence that the Soviet Union is using and supporting terrorism to affect the course of international events? ... If so, is this a growing trend?

A: In many different contexts the Soviets are demonstrating their support for groups which use terrorist tactics. For example, events during the recent hijacking of a PIA airline to Kabul raise serious questions concerning Afghan and Soviet complicity, or at the very least, cynical efforts to derive political advantage from a potentially tragic terrorist incident. In Central and South America, in the Middle East and in Europe the Soviet Union, through assistance to its satellites and its surrogates provides support for a wide variety of terrorist groups.

Q: 2. Although neither Iran nor the U.S. has ratified the Vienna Convention on the Law of Treaties, is the agreement with Iran voidable under international law because of the element of duress inherent in the illegal detention of the hostages or under any recognized norm of international law?

A: The Administration concluded that it was not necessary to reach this question and has taken no specific position on it.

Q: 3. Is the agreement's apparently absolute bar against damage suits by the hostages themselves a violation of their 5th Amendment rights to due process? ... Why or why not?

A: No. The President has the power to discharge such claims in the context of this situation.

Q: 4. Was Iran obligated under existing treaties with the U.S. or otherwise under international law to compensate the U.S. hostages for the illegal incarceration they suffered or for the loss of any property confiscated in Iran? ... If so, has the agreement between the U.S. and Iran left the hostages with no hope of compensation unless the U.S. taxpayers are willing to compensate them for the injuries and losses they suffered at the hands of the Iranians?

A: Yes. The World Court confirmed Iran's responsibility for the detention of the hostages. A Hostage Compensation Commission has been established to determine whether the former hostages should be compensated out of appropriated funds as were other victims, such as the sailors taken from the Pueblo and prisoners of war.

Q: 5. Will the Iran agreement's claims settlement arrangement have the effect of depriving some of the U.S. claimants of property interests without fair compensation? ... If the arbitral tribunal called for in the agreement refuses to compensate a U.S. claimant for his loss or awards him an amount which is clearly less than the fair market value of his loss, will such claimants be able to seek compensation from the U.S. Government in our federal courts?

A: The arbitral awards rendered under the agreement will be final and binding on the claimants. It is doubtful they will have any further remedies in law.

Q: 6. What is the status of the estimated \$700 million in standby letters of credit held by banks in favor of Iran which were furnished by U.S. businessmen as security for their performance of contracts with Iranian agencies which

have since been cancelled by the revolutionary government of Iran? ... Have any Iranian entities tried to draw on these irrevocable letters of credit so far? ... Will the U.S.-Iran agreement nullify the judicial orders which U.S. companies have obtained in U.S. courts to block payments to Iran from these standby letters of credit?

A: These letters of credit remain frozen. Various Iranian entities have attempted to draw on many of them. These attempts have been blocked by the freeze order. The U.S.-Iran Agreement does not nullify judicial orders blocking payments on such letters of credit. Law suits for that purpose are expressly exempted from the suspension of claims under President Reagan's Executive Order 12294.

Q: 7. If so many of the claims brought against Iran by U.S. citizens would be subject to the defense of sovereign immunity asserted by Iran, why was it necessary for the U.S. to agree to nullify and cause the termination of such law suits and related proceedings?

A: Iran insisted on such a commitment in return for the release of the hostages and conclusion of a Claims Settlement Agreement.

Q: 8. Has the interest-bearing security account contemplated in the agreement to cover compensation for commercial claims by U.S. citizens against Iran actually been established yet? ... If so, have any funds been transferred to that account? ... If not, when is the deadline under the agreement for establishing the security account and what will be the effect if the deadline is not met?

A: The account was established on an interim basis in the Bank of England. It was to be relocated within 30 days, but the deadline has been extended by mutual agreement.

*

A: 9. Do you expect the Government of Iran to take steps to nationalize property belonging to the late Shah's estate or to his family? ... What effect, if any, would such action have on legal proceedings brought by Iran in U.S. courts to gain control of the Pahlavi family's property or assets located in the U.S.?

A: We cannot predict whether Iran will take legislative action to expropriate the property belonging to the Shah's estate or to his family. Such action would have little effect on proceedings in U.S. courts as most states do not give extraterritorial effect to confiscatory foreign expropriation decrees.

Q: 10. What is the meaning and scope of the provision of the agreement under which the U.S. agrees to "order all persons within U.S. jurisdiction to report to the U.S. Treasury within 30 days, for transmission to Iran, all information known to them" regarding the property and assets of the Pahlavi family which may be the subject of litigation in U.S. courts brought by the Government of Iran against such persons? ... What are "the civil and criminal penalties" referred to in the agreement to which this reporting requirement will be subject?

A: The requirements of this provision of the agreement will be set out in Treasury regulations to be issued in the near future. The penalties referred to in the agreement are authorized by the International Emergency Economic Powers Act, i.e., 50 USC 1705, P.L. 95-223, § 206.

Q: 11. If Iran loses a suit in a U.S. Court to recover any of the Pahlavi family's property, can Iran subsequently carry such a case to the arbitral tribunal merely by asserting that its unsuccessful suit in the U.S. courts was prejudiced by the U.S. Government's failure to adequately carry out its obligations under the agreement to aid Iran in obtaining information on the Pahlavi assets and pursuing them in the U.S. courts?

A: The U.S. is carrying out its obligations under this provision of the agreement. Both Iran and the U.S. are entitled to bring any charge of breach of the agreement to the Arbitral Tribunal.

Q: 12. Will any of the provisions of the agreement require the enactment of implementing legislation by the Congress? ... If so, which provisions are those?

A: It is conceivable that legislation may be required in connection with the payment of the U.S. share of the expenses of arbitration, depending on the mode of funding.

Q: 12. Based upon the U.S. Embassy takeover in Iran, what recommendations would you make

- (1) to improve the security of our Embassy buildings?
- (2) to better maintain as well as to promptly destroy classified information?
- (3) to improve communication between the Embassy and the host government as well as between the Embassy and Main State?
- (4) to improve our cross-cultural understanding and analysis?
- (5) to improve our intelligence operations?

A: (1) Although the public access controls which have been installed in our Embassies over the last several years

have been effective against some terrorist threats, they are not adequate to deter or prevent mob violence. With the goal of ensuring that our missions will not be overrun again, we have been urgently upgrading security at 24 high-threat posts using the special security enhancement resources provided by Congress in FY 80 and 81. Over the next five years, we expect to improve security at approximately 125 high-threat posts. The programs we are implementing will enable our missions to delay an attacking group for a sufficient period of time to destroy national security information and to permit personnel to withdraw to a secure safe have.

(2) As part of the security enhancement program, the Department has initiated several actions to better maintain and protect classified information. High-threat posts have been directed to drastically reduce paper holdings to minimize destruct time in the event of an emergency. On a longer term basis, the Department is beginning to implement electronic message storage at post, high speed communications circuitry and alternate storage techniques as are feasible for different types of post files. All these steps are directed at reducing the classified and sensitive paper holdings at a post to cut destruct time if it becomes necessary.

(3) Communication between the Embassy and the host government is the very essence of diplomacy, and we do not

feel, based on our experience with attacks on our Embassies in recent years, that any particular additional emphasis should be placed upon communications between the Embassy and the host government. Our Embassies were in each instance in close and immediate touch with host country officials. We are engaging in efforts to emphasize to host governments that we expect them to live up to their obligations under international law to ensure the safety and inviolability of diplomatic premises and personnel.

(4) and (5) The intelligence community is now giving very high priority to collecting and analyzing information on terrorist groups and on states which support them. We are also working closely with our allies to maximize the sharing and exchange of pertinent information and analyses.

Q: 14. Are any of the Iranian assets presently subject to judicial attachments in the U.S. considered to be the property of any association, agency, or instrumentality owned or controlled by the Iranian government which has been engaged in commercial or business activities in the U.S. as envisioned under Article XI, paragraph 4 of the Treaty of Amity, Economic Relations and Consular Rights between the U.S. and Iran, and thus not immune to suit or execution of judgment in U.S. courts? ... If so, in the absence of the U.S.-Iran hostage agreement, is it possible that some U.S. claimants could have reached those assets to satisfy judgments awarded to them against Iranian entities by U.S. courts?

A: No determination has been made by the State Department as to the status of any particular Iranian entity under Article XI, paragraph 4 of the U.S.-Iran Treaty of Amity,

Economic Relations and Consular Rights. Such determinations are the responsibility of the courts under the Foreign Sovereign Immunities Act.

Q: 15. In what ways has the new Administration sought to end the Iraqi-Iran War?

A: The U.S. has avoided taking sides in the conflict, has sought to prevent a widening of the conflict and has encouraged credible international initiatives to find bases for an early end to the fighting and a negotiated settlement. The missions by former Swedish Prime Minister Palme and the Organization of the Islamic Conference are examples of initiatives we have encouraged.

Q: 16. What recommendations would you make in order to improve crisis management in regard to hostage situations?

A: In any crisis situation it is essential to have trained and experienced crisis managers. We must ensure that we have a team of such managers. We are developing training in crisis management for senior State Department officers. In a series of command post exercises we will also be giving personnel an opportunity to refine and develop crisis management skills. In addition, the Interdepartmental Group on Terrorism is reviewing specific crisis management support needs to make certain that we are able to provide senior level decision makers with the resources they will require in managing a hostage situation.

Q: 17. On page 5 of your statement, Mr. Secretary, you refer to a U.S. obligation "to transfer to Iran \$1-\$1.5 billion of other Iranian assets" not previously mentioned. ... What precisely do these other assets consist of?

A: These assets include all properties of Iran, other than funds, securities and deposits, including personal property acquired from U.S. manufacturers, real property and debts.

Q: 18. Under the agreement, has the U.S. waived its right to assert the defense of sovereign immunity in a judicial proceeding in any court to enforce a judgment awarded by the arbitral tribunal?

A: The Agreement specifically provides in paragraph 17 of the Declaration of the Government of Algeria of January 19, 1981, that any decision of the Tribunal with respect to the implementation or performance of any provision of that declaration including any award of damages for loss resulting from breach of this Declaration or the Claims Settlement Agreement, may be enforced by the prevailing party in the courts of any nation in accordance with laws.



Purdue University Libraries



3 2754 074 689 526

**OVERNIGHT LOAN
ONLY**